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No. 6, June 1977

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ENERGY CRISIS: CAUSES, ESSENCE, PROSPECTS

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pp 3-16

[Article by V. I. Pavlyuchenko]

[Text] Several articles on the energy crisis in the United States have been published in our magazine prior to this time; in particular, these have included B. V. Rachkov's article on "The Energy Problems of the United States," in Nos 3 and 4 for 1974, the review on "Tendencies and Prospects in the American Energy Industry," in No 7 for 1974, and L. L. Lyubimov's article on "The World Energy Crisis and the United States," in No 11 for 1975.

In recent years, as the events of the winter of 1977 in the United States showed, these problems have become more acute. Literature on energy problems is constantly being published in America; it contains a vast amount of factual and statistical material which makes it possible to gain a better understanding of the essence of this matter.

In connection with this, the magazine is printing an article by V. I. Pavlyuchenko on several of the important aspects of these problems which have still not been analyzed sufficiently in our press.

At the end of April 1977, when this issue of the magazine had already been made up, President J. Carter submitted a new energy program to Congress. An article discussing this program and other aspects of the American Government's energy policy will be printed in the next issue of the magazine.

During the 1970's, the American economy suffered severe and prolonged structural crises for the first time in its history; one of the most serious of these was the energy crisis, which had stricken almost all of the developed capitalist countries to one degree or another. It became one of the

important factors intensifying the contradictions and increasing the difficulties in the American economy. It coincided with the most severe cyclical crisis of overproduction of the postwar period, contributed toward the acceleration of inflation, was closely connected with the ecological crisis and seriously disrupted the most important proportions in national production.

It has already become quite obvious that the energy crisis will not be overcome during the current decade and that it will have a negative effect--direct and indirect--on the American economy, not only throughout the 1970's but for a long time afterward as well. The American economy has entered a period in its development during which energy problems are becoming a serious restrictive influence on economic growth and production efficiency and are having a destabilizing effect on the process of reproduction. In this way, a new significant factor of far-reaching effect was added during the 1970's in the United States to the long list of permanent factors in the capitalist society which impede the development of national production.

The Essence and Nature of the Phenomenon

The origination of the energy crisis was conditioned by all of the United States' postwar economic development. During this time, a large-scale modern economy, in which the most significant contradictions of capitalism made themselves quite apparent, took structural form under the influence of the scientific and technical revolution. During the process of expanded capitalist reproduction during the last few decades, there was rapid growth in the lack of proportion between the production and consumption of energy and the basic types of energy resources, between national reserves of energy resources and the patterns of their production and consumption and between the rates of growth in American power engineering and the growing national demand for fuel and energy resources.

Since the beginning of the 1950's, the energy needs of the United States have increased more rapidly than the domestic production of energy resources. While the United States was able to virtually completely satisfy its own demands in 1950, national energy resources could only cover 93 percent of this demand in 1960, and only 82.5 percent in 1973. Its dependence on oil imports grew particularly rapidly. Imports covered 23 percent of the demand for oil and petroleum products in 1970 and 41 percent in 1976.¹ According to some estimates, if the present trend continues, the nation will have to import half of all the oil it uses by 1980.

This dependence became particularly obvious during the time of the oil embargo imposed on the United States and other capitalist countries by the OPEC nations at the end of 1973. It is precisely within the scales of this dependence that many American economists see the essence of the energy crisis. It is indicative that the most extensive economic program in American history was called the "Self-Sufficiency Project" (1974). The main goal of the program consisted in the intensified development of all branches of power engineering for the purpose of satisfying the economy's

growing demand for energy resources and reducing the dependence on oil imports. But the dependence of the United States on imports of oil and other energy resources does not constitute the essence of the crisis. As we will show below, this crisis arose mainly from internal causes and not external ones.

Total consumption of all types of energy resources in the nation rose from 1.229 billion tons of fuel in 1950 to 2.592 billion tons in 1975; this was an increase of 111 percent. The average rate of increase in consumption during these years was 3.05 percent. At present, the United States is responsible for approximately one-third of the world's total energy consumption.

The growing demand for energy in the United States was due to the combined effect of two groups of factors. One of them reflects the objective tendencies of development in productive forces, the growth in the scales of production and the rise in its efficiency. For example, the high level of labor productivity in the American economy has resulted from its high power-worker ratio. The power-worker ratio in American industry is much higher than in other capitalist countries. In 1975, the average consumption of electric power per worker in industry was 59,600 kilowatt hours (the figure was 47,100 in 1970 and 32,900 in 1960), while average consumption was 28,400 kilowatts-hours in France, 29,200 in the FRG and 19,700 in Great Britain. The United States has achieved a high level of electrification in many technological processes and production operations in industry, agriculture and construction and in branches of the infrastructure; the use of electricity in everyday life has reached dramatic proportions.

The growing demand for energy resources has also been connected with the growing scales of production in the most power-intensive branches of industry (the chemical, metallurgical, oil refining, pulp and paper, food and construction materials industries), which account for approximately 40 percent of total national energy consumption.

At the same time, there is also an opposite tendency toward the conservation of energy. As a result of the introduction of scientific and technical achievements and of structural changes in the economy, the proportions accounted for by energy in the gross national product of the United States have been decreasing over a long period of time. In 1920, 35,500 kilocalories were expended per dollar of product, while the figures were 26,400 in 1940, 23,200 in 1960 and 22,400 in 1973.²

The other group of factors, which, it seems to the author, has a greater effect on the increase in energy consumption, is connected with the fact that wasteful habits in the use of energy developed in the United States over a period of several decades. In addition to the objective reasons for the increase in the demand for energy in the American economy, the inefficient and wasteful use of energy also plays an important part. In Sweden, the FRG and Switzerland, where per capita national income is approximately the

same as in the United States, per capita energy expenditures constitute only 60 percent of the American level. In 1973, the production of 1 billion dollars in national income (calculated according to the methods used in Soviet statistics, that is, without the duplicate computation of income earned in the non-production sphere) required 3.14 million tons of fuel in the United States, 2.64 million tons in the FRG, 1.82 million tons in France and 1.85 million tons in Italy. During the same year, per capita energy consumption was 11.96 tons of fuel in the United States, 5.79 tons in the FRG, 4.39 tons in France, 5.78 tons in Great Britain, 3.6 tons in Japan and 2.74 tons in Italy.³ And we must remember that energy is also wasted and used inefficiently in these countries.

One of the main spheres for the squandering of energy is the American transportation system. It is directly responsible for around 24 percent of total fuel consumption. Indirect expenditures of energy connected with transportation (on the production and technical maintenance of motor vehicles, the construction of roads, etc.) amount to another 18 percent of total energy consumption. Motor vehicle transport accounts for a large portion of transportation's share in total consumption (a total of 42 percent). During 1950-1973, the number of motor vehicles in the United States increased from 49.3 million to 125.4 million, or by 150 percent, while annual expenditures of fuel rose from 130.8 million tons to 358.8 million tons, or by approximately 200 percent.⁴ The average American vehicle uses much more fuel than the Western European or Japanese models. And proportional expenditures of fuel on motor vehicle transport have not only failed to decrease in the United States, but are gradually increasing. The average gas mileage of the American vehicle decreased from 5.48 kilometers per liter of gasoline in 1950 to 5.05 kilometers per liter in 1975.

Considerable losses of energy also occurred in the housing and public utility sectors of the economy. Enormous overexpenditures of fuel in the United States result from the inadequate development of centralized heating systems and the consequent prevalence of inefficient individual heating systems. Until the beginning of the 1970's, residences, production areas and other buildings were constructed with poor insulation. Much stricter insulation standards were set in 1971 and again in 1974. Buildings constructed according to the 1974 standards use approximately half as much fuel for heating as those constructed in accordance with the standards in effect prior to 1971. Experts from the American Institute of Architects feel that the adoption and implementation of a national program aimed at the construction of buildings with improved insulation for the efficient use of energy would save the nation more than 620 million tons of oil a year by 1990.⁵

One of the important factors reducing the efficiency of production and increasing the consumption of energy in the United States may be found in the lack of a nationwide power engineering system. This has become one of the reasons for the greater expenditure of fuel per kilowatt-hour of electricity in the United States (365 grams in 1974) than in Japan (328 grams in 1972), France (333 in 1974) or Italy (338 in 1974). The level of the efficiency with which fuel is used in electrical power engineering is also rising extremely slowly.

There are several branches of production in the United States that are excessively power-intensive and inefficient from the standpoint of energy expenditures. For example, in the American cement industry, an average of 302,000 kilocalories is now required for the decomposition of limestone in the quantity needed for the production of a barrel of cement (around 171 kilograms). At Western European cement plants, where the heat from roasting furnace gases is used for the preliminary heating of limestone, the requirement is only 138,000 kilocalories per barrel. In American ferrous metallurgy, a great deal of heat is lost during the cooling of hot coking coal with water, while the Western European countries use gas for the cooling of coke and this gas is then put to use in other ways. There are also great differences in the amounts of energy used in American and Western European blast furnaces. The continuous casting of steel saves more than 1.25 million kilocalories per ton of steel in comparison to the casting of ingots. According to the estimates of American specialists, the extensive use of the latest energy-conserving technology, which has been developed and used in other countries, just at steel foundries in the United States would reduce their need for energy resources by approximately 50 percent by 1995. Considerable overexpenditures of energy connected with the more or less backward state of technology in the United States in comparison to the latest technology used in some of the European countries can be found in the pulp and paper industry, the oil refining industry and other large branches.

The arms race plays a significant role in the squandering of energy. The annual operation of just one new weapons system--the strategic B-1 bomber--will require from 0.97 million to 3.25 million tons of fuel. We can gain a greater understanding of the actual amount of the total losses connected with these expenditures if we consider, for instance, that all municipal buses in the United States used 1.04 million tons of fuel in 1974.⁶

Therefore, the high power-intensiveness of the American economy cannot be explained by the objective needs of national productive forces. The American economy is not only power-intensive, but also extremely wasteful in its use of energy. Its uncontrolled development under the conditions of artificially maintained low prices on energy resources for a long period of time led to a situation in which national production developed through excessive expenditures of energy that were much higher than objectively required expenditures. Therefore, this kind of economic development created the conditions which gave rise to the energy crisis.

The high level of energy expenditures and the high rate of energy wastage in the American economy, which are largely due to the structure of this economy, have been reflected in the structure of production, fixed capital, branches of industry and transportation, the operating capital of production units, consumer goods, buildings and installations. At the same time, the excessive power-intensiveness of the economy has become irrevocable without substantial reconstruction of a significant portion of the production system.

Satisfying the demands of this kind of economy with its growing scales has caused increasing tension in the sphere for the production of energy resources. But the major problems here, just as in the sphere of consumption, have resulted from structural disproportions. The branches for the production of primary energy resources have been unprepared for keeping up with rapidly growing demand. The main reason for the failure of these production branches in the United States to keep up with the demands of the economy--even if we consider the vast amount of wastage--does not lie in the physical depletion of resources, as some American authors state, but in the capitalist methods of utilizing natural resources, which have led to serious disproportions between national reserves of raw materials and the patterns of their production and consumption.

The United States has more than one-third of the world's mineral energy resources. Most of the U.S. reserves consist of coal, while oil and gas only constitute 10 percent of these reserves.

For almost 25 years, there has been a constant change in the patterns of fuel and energy expenditures in the United States. While oil and gas accounted for approximately 57 percent of total energy consumption in 1950, they now account for 76 percent. The proportion accounted for by coal decreased dramatically--from 38 percent in 1950 to 18.5 in 1975. This caused the gradual development and intensification of a profound lack of correspondence between the patterns for the production of energy resources and their geological reserves on U.S. territory. And this was not only due to the technical and economic advantages of the use of oil and gas, but primarily due to the policies of the dominant monopolies in the energy field, which were trying to gain the greatest possible share of the market for energy resources. For several years, these monopolies developed the production of the cheapest and most accessible types of energy resources, simultaneously impeding the development of new sources of energy, aiding in the curtailment of coal production and slowing down progress in some of the promising areas of energy research.

During the last two decades, there has been a tendency toward the relative (in comparison to consumption levels) depletion of oil and gas reserves. The relationship of these reserves to the annual volume of production decreased from 13.6 to 10.8 for oil and from 26.8 to 12.6 for natural gas during 1950-1972. But it would be difficult to determine the degree to which this tendency indicates an actual process of relative depletion in oil and gas reserves and the degree to which it has arisen from the policies of the monopolies, which restricted the scales of exploratory drilling to create a shortage of these important types of raw materials.

In any case, the United States has vast reserves of coal, which would be adequate to satisfy the growing demand for energy for the next few centuries. But it was precisely coal that gradually played a smaller and smaller role in the satisfaction of the demand for fuel. The United States also has considerable hydraulic power resources, reserves of uranium ore and genuinely

unique reserves of other, as yet unused but potentially quite promising resources. For example, the United States has rich reserves of bituminous shale (according to estimates, 250 billion tons of oil), which contain several times more oil than the entire Middle East. Until recently, however, they were lying idle and a serious interest was only taken in them after the rise in the price of natural oil, with which the oil derived from shale can now compete.

Therefore, the energy crisis in the United States has not resulted from an absolute or relative intensification of the shortage of raw materials--this is a crisis of the capitalist system of energy utilization which is structural in its nature. It has been caused by the fact that the structure of the economy in general and of power engineering in particular does not correspond to the present level of development in productive forces and the large scales of the economy and has become a serious restriction on economic growth and the greater efficiency of national production.

The energy crisis is a unique kind of crisis. The current demand for energy is basically being completely satisfied, even though this depends largely on imports of oil and gas. But the greater or lesser dependence of the nation on imports of certain types of natural resources or types of industrial commodities, just as the increase in this dependence in time, cannot in itself serve as a criterion of the crisis situation. The development of world economic ties and, consequently, the reciprocal state of economic dependence between exporting and importing nations constitute a natural tendency in the development of national production. And, in the final analysis, the United States has enough economic resources to bridge the gap between the domestic production of energy materials and the need for these resources by means of imports for a relatively long period of time.

And the matter also does not lie in the considerable rise in the prices of oil, gas and other energy resources in recent years. As we know, the imperialist governments and oil companies artificially maintained monopolistic low prices on primary energy resources, particularly oil, almost since the beginning of the century. In the United States, the average price of a barrel (159 liters) of crude oil was 2.50 dollars in 1913, 3.50 dollars in 1929, 2.50 dollars in 1950 and 3 dollars in 1970. Consequently, if we consider the devaluation of money, the price of oil actually dropped many times during a period of almost 60 years.⁷ If prices had been directly influenced only by the commercial and monetary mechanism during that time, we can assume that the level of prices for oil and other energy resources would have been higher, due to the increased shortage of these resources, than the present level or would at least have been equal to the present level, which exceeds the pre-1973 level by approximately 300 percent in the case of oil. In any case, the present level of prices is basically maintaining the correspondence of supply to demand. The raising of oil prices by the OPEC countries essentially broke up the system of monopolistic low prices established by the imperialists, which had served the purposes of robbing the developing countries and profiting the oil monopolies--the causes and reasons for the crisis cannot be found in this.

The energy crisis consists in the fact that the lack of correspondence between production and demand is not affecting present proportions as much as future proportions. This is a structural crisis that has harmed the process of capitalist reproduction. Future expanded reproduction within the framework of the existing energy-squandering structure of the economy will become increasingly difficult and inefficient and will require enormous accumulations which will be beyond the capacities of the American economy. As a bottleneck in this economy, power engineering is now restricting the rates of economic growth and the development of the most important branches and production units. In short, the economy cannot develop effectively any longer within the narrow framework of existing production patterns; it has entered a qualitatively new stage in its development, which will require the formation of an energy-conserving economic structure.

In terms of its scales and its effect on the economy of the nation, the energy crisis is comparable to the more severe cyclical crises of overproduction and might even be said to surpass them. The losses in the national economy related to this crisis are decreasing the rates of economic growth, the efficiency of day-to-day production and, in particular, the impact of capital investments and are depreciating part of the existing production system. The scales of the crisis can be judged by the fact that the resolution of only one of the problems arising from it--the attainment of a balance between the production of energy within the nation and its consumption--will require the expenditure of around 790 billion dollars in the branches of the fuel and energy complex alone. The mobilization of such large funds will require considerable intensification in the entire process of reproduction and a substantial increase in the proportion accounted for by production accumulations in the national income, will divert significant material, labor and financial resources from other spheres of the economy and will have a negative effect on the public standard of living. At the same time, the emergency measures taken in the future to overcome the energy crisis, even if the necessary resources are found for this, will cause new disproportions in other sectors of the economy because of an acute shortage of funds for capital investments. And this cannot fail to reduce the efficiency and growth rates of national production.

But this sum of 790 billion dollars constitutes far from all of the expenditures required for overcoming the crisis. As we mentioned above, the wasteful use of energy throughout the economy must be corrected if the crisis is to be overcome. The resolution of this problem will require expenditures that are just as large as those needed directly in the fuel and energy branches and may possibly require much greater expenditures. After all, the crisis has resulted in the obsolescence and related depreciation of many types of fixed capital and consumer durables. Their replacement cannot be accomplished through the simple substitution of new production equipment, machines and technological processes, for example, for old ones, but will also require the reconstruction of the production system in branches of industry and changes in many interrelated links of the economy.

The energy crisis showed quite clearly that the process of accumulation in the United States had been ineffective for a long period of time: Not enough investments had been made in the fuel and energy complex and excessive, unwise investments had been made in the energy-wasting economy as a whole. As a result, a vast amount of fixed capital had been created but its economically unsubstantiated and improper composition gave rise to the energy crisis. It would be virtually impossible to assess the cost of replacing this fixed capital with new capital to any reliable degree, but it would indisputably amount to a huge sum; this indicates the dimensions of the crisis and of the harm it has caused national production.

In contrast to the cyclical crisis, the energy crisis, which is rooted in the structure of the national economy--and a change in this will require a great deal of time--covers a much longer period. According to the estimates of American specialists, the creation, for example, of a transportation system or public utilities that are efficient from the energy standpoint will require at least 15-20 years even if conditions are favorable. The possible or probable dates for the reconstruction of the economic structure, which will be necessary for overcoming the crisis, also characterize the depth and scales of the crisis.

The Economic Mechanism of the Development of the Crisis

The energy crisis, just as other structural crises, was caused by a set of factors conditioned by the profound contradictions in the capitalist society, mainly the contradictions between the social nature of production and the private appropriation of its results. Power engineering, which serves all of national production, was developed for a long time on the basis of the narrow pragmatic and selfish interests of the dominant monopolies in this field, particularly the oil monopolies. Naturally, this development could not be oriented toward the future demands of the entire economy. The absence of a single nationwide energy policy and the unplanned and anarchic development of national production and its most important branches, including the fuel and energy complex, resulted in serious disproportions and in a severe and prolonged energy crisis.

To a significant degree, the crisis was caused by contradictions in the system for regulating the process of reproduction under the conditions of state-monopolistic capitalism. In general, long-term proportions in production take shape under the influence of the existing price structure, that is, they are ultimately affected by the law of value. This alone establishes the preconditions for the disruption of the proportions of national production in the future, since current prices cannot reflect future demands. In addition to this, monopolistic prices, which deviate from value--sometimes considerably--also have a disruptive influence on the development of the proportions of national production. In our opinion, this is one of the distinctive features and one of the important contradictions of the development of the production structure under the conditions of state-monopolistic capitalism.

For a long time, the structure of the energy complex and the entire national economy took shape under the influence of prices which were artificially maintained at a low level by the government and did not reflect the actual social value of energy resources. This caused the intensive growth of the oil and gas industries, while several extremely valuable types of natural resources were ignored. The artificially established and maintained low cost of energy led to the development of energy-wasting production units, machines, buildings, etc.

The low level of prices was set by the government. This corresponded to the interests of large groups of businessmen--both the producers and the consumers of energy. It suited the interests of the oil monopolies: Low prices guaranteed them considerable expansion in demand and, consequently, in the sale of the more profitable resources--oil and gas (the profit norm per unit of sold resources was lower than it would have been if prices had been higher, but total sales were greater). The low prices also corresponded to the interests of many other groups of producers. For example, automotive firms could produce powerful and, consequently, expensive automobiles; an enormous market for the sale of equipment for the heating of individual residences took shape, etc. Therefore, the entire American bourgeoisie, and not just the oil monopolies, was profiting from the low prices on energy resources.

Later, when the oil monopolies had been able to create an extremely high level of demand for energy resources, to establish it firmly in the economic structure and to make it irrevocable without the reconstruction of the structure itself, they began to conduct a policy involving the raising of prices and the artificial creation of a shortage in the most valuable and least replaceable resources--oil and gas. (The first of these stages in the policy of the oil monopolies covered several decades and the second has apparently been going on now for no less than 15 years.) It was precisely this policy of the oil monopolies that slowed down the scientific research that was being conducted on the development of new energy resources and nuclear power engineering, impeded the growth of the coal industry and gradually stopped all work in the exploratory and operational drilling for oil and gas at a time of rapidly growing demand for these resources.

The gradual curtailment of this work was a constant and fairly rapid process right up to 1973 and was not connected with any financial difficulties on the part of the oil companies. On the contrary, their profits rapidly increased. They amounted to 2.9 billion dollars after taxes in 1960, 5.9 billion in 1970, 7.4 billion in 1973 and 14.7 billion in 1974.

The rise in import prices on oil permitted the oil monopolies to immediately raise domestic prices on oil and petroleum products; and this rise in prices not only covered the increased expenditures on imports of oil, but also led to a considerable rise in the profits of the oil companies. In 1974 alone, they rose by 66 percent on the whole in comparison to the preceding year, including a rise of 31.8 percent in Exxon profits, 98.7 percent in Texaco profits and 66 percent in Mobil Oil profits.

In this way, the oil monopolies aided in intensifying the crisis, not only by artificially impeding the development of the fuel and energy complex, but also by the excessive raising of prices under the conditions of a shortage of resources that was their own creation.

The energy crisis reflected the political conflicts in the modern capitalist society as well as its economic contradictions. For more than 50 years, American imperialism had based its policy on the possibility of the unimpeded robbery of the developing nations' natural resources. It assumed that it could obtain as much oil as it wanted from these nations in the future on the basis of any commercial terms and crises it wished to set. In other words, the policy of the American Government and monopolies was built on the illusion of the continued preservation of the old economic relations forced on the economically underdeveloped countries by the imperialists during the era of colonialism, when the capitalist powers had been able to dictate the terms of world economic relations. In this kind of situation, imports of cheap oil from the developing nations could go a long way toward compensating for miscalculations and "blunders" in the development of American power engineering.

The situation changed radically, however, in the 1970's. At present, L. I. Brezhnev said, "the influence of the states which were quite recently colonies or semicolonies is increasing dramatically. We can definitely say that most of them are energetically defending their own political and economic rights in their confrontations with imperialism in an attempt to consolidate their independence and raise the level of the social, economic and cultural development of their people."⁸ The days of the imperialist states' unconditional economic dictates in regard to the developing nations have receded into the past forever and American imperialism has lost this "shock absorber" for its own economy.

The energy crisis is not only a crisis in the state-monopolistic system of economic management, but also in the old economic order in the relations between the imperialist and developing states, this system of relations which allowed imperialism to solve its own economic problems at the expense of the Third World countries. The embargo on oil exports to the United States and the considerable rise in oil prices were not in any way the causes of the energy crisis. This crisis was not brought into the American economy from outside; it was conditioned by its internal development. If the old situation in oil imports had been preserved, this could only have postponed the crisis and could not have prevented it. The embargo and the rise in prices only revealed the depth of the crisis in American power engineering; they did not give rise to the crisis, but only revealed it by closing the "safety valve" without which the U.S. economy could no longer do without. Incidentally, this is why 1973 cannot be regarded as the year when the crisis began. This year only marked the intensification of a crisis which had reached its maturity long before in the depths of the economy of the imperialist states, particularly the United States.

The Crisis and the Economic Problems of the 1970's

The energy crisis has affected all facets of the American economy and has seriously intensified the difficulties encountered by the economy during the 1970's: It contributed toward the decline in production levels during the time of the economic crisis of 1973-1975, complicated the emergence from this crisis, noticeably increased unemployment, intensified the rates of inflation and caused the situation of the workers to become worse.

The intensification of the energy crisis at the end of 1973 coincided with the beginning of a cyclical crisis in the United States. The shortage of energy resources and the rising prices on these resources contributed toward the decline in production levels in several branches of central significance--the automotive industry, oil refining and petrochemicals, the synthetic fiber, fertilizer and plastic industry, metallurgy and others. According to the estimates of some American economists, energy difficulties in 1973 after the imposition of the embargo reduced the gross national product by 10-20 billion dollars and increased the number of unemployed by approximately 500,000.⁹ This contributed toward the narrowing of the domestic market and a decrease in production.

At the same time, the simultaneous occurrence of the cyclical and energy crises alleviated energy difficulties somewhat, since the considerable drop in production reduced the demand for energy. Total energy consumption in the nation decreased from 2,693,000,000 tons of fuel in 1973 to 2,635,000,000 in 1974 and 2,592,000,000 in 1975. Total expenditures of all types of energy in 1975 were 10.3 percent lower than those expected in accordance with forecasts (2,890,000,000 tons).¹⁰ It is true that the consumption rate in 1975 was already being affected by energy conservation measures in some branches, as well as by the reduction in energy expenditures due to high prices.

In the second half of 1975, the energy crisis became one of the factors delaying the nation's emergence from the economic crisis. Its role in this became particularly apparent in the following ways:

In the first place, the energy crisis had a significant effect on the reduction of total demand. The major social burden of the energy difficulties was transferred by the government and the monopolies to the shoulders of the workers through the mechanism of prices, taxes, reduced employment, restrictive wage ceilings, reduced expenditures on social needs, etc. The real income of the workers decreased while the profits of the monopolies, primarily those in the energy sphere, grew. The standard of living of the workers is still dropping due to the energy crisis and is making it difficult for the branches producing consumer goods and related branches engaged in the manufacture of the means of production to emerge from the economic crisis.

In the second place, the energy crisis caused serious disproportions in the process of reproduction. It severely intensified the shortage of funds for capital investments which arose during the second half of the 1970's in

connection with the need for simultaneously solving an entire group of urgent socioeconomic problems, such as the reduction of unemployment, the stabilization of economic development, the institution of environmental protection measures requiring great amounts of capital and the eradication of the consequences of insufficient investments in production and the non-production sphere during the years of a low level of business activity. As we pointed out above, the resolution of energy problems requires enormous capital investments and it is difficult for even such a large economy as the American economy to find the funds for these investments.

In the third place, the energy crisis is slowing down economic growth, since many branches in industry have found it necessary to make production changes in connection with the higher prices on energy resources and the more rigid standards and requirements made by consumers in regard to the energy efficiency of machines, technological equipment and consumer durables.

The energy crisis has contributed greatly to the development of inflationary processes. Naturally, the rising cost of energy resources had a definite effect here. But this is not the main thing. Companies in many branches of industry have taken advantage of the rising cost of these resources as a convenient pretext for jacking up the prices of their own products to a level which far exceeds additional production costs.

According to several estimates, the rising cost of oil alone has directly resulted in a general inflationary rise of approximately 1-2 percent in prices throughout the nation, and its cumulative effect is much greater.¹¹ The total scale of the inflationary rise in prices in the American economy, which was calculated by the author as the difference between the gross national product in current and stable (1972) prices in 1975 and 1972, amounted to 312.8 billion dollars,¹² while U.S. expenditures on imports of oil increased from 4.5 billion dollars in 1972 to 25 billion in 1975.¹³ This means that the rise in oil prices has been responsible for no more than 8 percent of the total rise in prices in the United States during 1972-1975, while the increase in prices for all types of energy resources apparently do not exceed 10 percent of this total rise. Therefore, while the rise in prices on energy resources was not a basic cause of inflation, it became a kind of catalyst which contributed toward the noticeable acceleration of its rates.

The energy crisis is closely connected with the ecological crisis. The production and consumption of energy constitute one of the main sources of environmental pollution. Consequently, the excessive consumption of fuel resources has been largely responsible for the development and intensification of the ecological crisis in the United States.

Therefore, the energy crisis, which is closely connected with the most acute problems in the American economy of the 1970's, is having a multifaceted negative effect on this economy. It has affected the interests of

the general public, has contributed toward the intensification of social problems in the bourgeois society and has severely disrupted the process of capitalist production. In other words, it has become one of the most serious problems facing the nation during the 1970's. In connection with this, the search for ways of escaping the energy crisis has become a new and important objective of state-monopolistic capitalism in the United States.

In Search of an Exit

The major ways of solving the nation's energy problems have basically been determined. The key aspects of the energy policy for the future consist in the extensive introduction of nationwide measures to ensure the more efficient use of energy (energy conservation), the development of a fuel and energy complex based on a broader spectrum of energy resources and the use of foreign economic opportunities to solve energy problems. Even the initial period in the implementation of the state-monopolistic policy in this area has shown, however, that this will entail confrontations with the deep-seated antagonistic conflicts in capitalist production and obstacles in the form of fierce competition between various groups of capitalists, the narrow pragmatism of the monopolies, their race for maximum profits and their reluctance to even partially ignore their own interests for the sake of the attainment of national goals.

And science is being assigned an important role. The anarchy in national production, which has developed without consideration for any kind of long-range prospects, and the absence of any kind of production organization according to plan have led to a situation in which the United States, with its enormous scientific and technical potential, has turned out to be technologically unprepared to solve the problems arising from the energy crisis. For example, despite the many predictions of the difficulty in supplying the economy with energy, which appeared as early as the end of the 1960's, the necessary scientific research and development projects for finding new types of energy resources, working out new methods for the conversion and transmission of energy and determining ways of conserving energy were not begun in time. For instance, the technology for deriving oil from shale has been known for more than 100 years now, but it still has not been perfected to the point at which this kind of oil can compete with natural oil on the market. Despite the relative reduction in known reserves of oil and gas, most of these reserves (two-thirds) have remained underground, since almost no attention was paid to the rise in the coefficient governing the extraction of these minerals from the rock stratum. The problems of developing an economically efficient form of municipal transport, improving the use of energy in industry and public utilities and other problems have not been solved. Due to the unprepared nature of scientific and technical reserves, opportunities for expanding the production of energy resources and the conservation of these resources in the consumption sphere have been undermined. All of this is making it difficult for the nation to emerge from the energy crisis and is postponing this emergence--even in the presence of the necessary economic resources--by a minimum of 10-15 years, which is

the amount of time required for solving the scientific and technical problems connected with the development of fundamentally new sources of energy and types of equipment that are efficient from the energy standpoint and with the restructuring of the fuel and energy complex.

The intensive development of research and engineering in this branch is regarded by the U.S. Government and American business circles as one of the most important prerequisites for overcoming the crisis. The greatest change after 1973 came in the approach to the organization of energy research and engineering. In the past, the United States had never had a national energy policy and all scientific studies had been conducted separately by individual firms, and even those which were financed by the government were scattered among various departments. During the last few years, however, a system of national energy goals has been worked out in the United States to define the basic guidelines for scientific research. A new agency has been set up--the Energy Research and Development Agency (ERDA)--which supervises all government programs and coordinates the activities of government agencies in this field.

Since 1974, there has been a dramatic increase in expenditures by the government and private companies on energy research; in the past, the level of these expenditures had been insufficient and had risen too slowly. Total expenditures envisaged in the government program for financing this research and engineering alone amount to 10 billion dollars for the 1975-1970 fiscal years.

There have been considerable changes in the system of priorities in the field of research and engineering. Considerable attention is now being paid to energy conservation, the use of solar energy and nuclear reactors and an increase in the production of coal, synthetic fuel and geothermal energy. Government grants for the development of methods to reduce the effects of energy production on the environment have become much larger.

One of the consequences of the energy crisis consisted in the U.S. Government's recognition of the imperfect nature of the economic mechanism, which was affecting the production and consumption of energy, and the need for conducting a government energy policy. In connection with this, the state has intervened much more in the development of power engineering in recent years. This intervention takes two main forms: Administrative (legislative) regulation of the operations of private companies and the stimulation of expanded production and the more intelligent use of energy resources. During 1973-1976 alone, many energy bills were submitted to Congress. At present, a legislative system has been established to regulate research and engineering in this field, as well as some of the conditions governing the production of fuel and the consumption of energy. For example, laws have been passed on the scientific study, development and experimental use of solar and geothermal energy, on developments in public utility construction and several others. In the interests of energy conservation, restrictive speed limits have been set and stricter demands have been made on the conservation properties of new equipment. Energy conservation measures are being instituted in industry and the housing and public utilities sector in accordance with these laws.

The government's policy of stimulating the expanded production of energy and its conservation is of exceptional significance. In recent years, the main guidelines of this policy have been formulated in general in the United States. But the implementation of these measures is constantly encountering serious difficulties and this is raising doubts about the possibility of realizing the main goals of the energy policy within the specified time limit. The basic factors which contributed toward the origination and intensification of the energy crisis are now setting up obstacles to any escape from this crisis. These factors are the contradictions between the social nature of production and the appropriation of its results by private individuals, the competition factor and the unplanned development of production on the nationwide scale. All of the long-range strategy of companies is still being based on existing prices. Future changes in prices will change the structure of the production and consumption of different types of energy resources, the ratio of domestic production to imports, the developmental rates of power engineering, the intensity of energy conservation measures, etc. Serious obstacles to any escape from the crisis are being set up by the policy of the oil monopolies, which, due to the rather vague indications of future prices, have decided to wait the situation out and are artificially restricting the growth of energy production.

All of this has led to a situation in which the practical implementation of the "self-sufficiency" project has essentially failed. The unexpectedly severe winter of 1977 showed that the present level of energy production and imports hardly corresponds to current demand and cannot provide for the creation of the reserves needed to cover the growing demands of the winter season. Between 1973 and 1975, oil production (including gas condensate) dropped from 454 million tons to 412 million tons, gas production dropped from 628 billion cubic meters to 555 billion, while coal mining rose from 543 million tons to 585 million, that is, only by 8 percent. The production of electric power increased by only 25 billion kilowatt-hours during this time--from 2.075 trillion to 2.1 trillion, and in terms of per capita consumption, it even decreased--from 9,862 kilowatt-hours to 9,831. The United States became more dependent on imports of oil, which rose from 167 million tons in 1973 to 295 million in 1975. According to preliminary data, there was no significant improvement in the energy situation in 1976 either.

In April 1977, the Carter Administration proposed a new energy program to replace the former self-sufficiency project. It is completely obvious that its examination in Congress will be accompanied by a fierce struggle in American ruling circles between various monopolistic groups. Regardless of the final contents of the energy program, however, its implementation will ultimately depend on the influence of the objective economic laws governing the development of capitalist production. This is why it is completely possible that the conflicting interests of the American monopolies will represent an insurmountable obstacle to the implementation of the new program and that it may suffer the same fate as the former project.

The energy crisis which has stricken the American economy is one of the manifestations of the growing lack of correspondence between capitalist production relations and modern productive forces. As national production grows, its planned organization becomes increasingly essential, while anarchy and a lack of planning in an economy of this large a scale cause profound disproportions in the process of the formation of large-scale and important national economic patterns. The growth of the scales of the economy is being accompanied by an increase in its inertia, and, consequently, changes in the rates and proportions of reproduction, the guaranteed equilibrium of production and consumption and the formation of an efficient economic structure require the planned implementation of long-range and large-scale investment programs. But it is precisely this problem that the capitalist economy is incapable of solving due to the conflicting and competitive nature of the interests of individual producers. This is why the structural crises are not random coincidences; they are natural tendencies inherent in modern capitalist production, and the American economy of the 1970's has not only been stricken by the energy crisis, but also by several structural crises with common roots. The energy crisis again revealed the defects in the system of state-monopolistic regulation and the lack of correspondence between the existing economic mechanism in the United States and the demands of the large-scale national production sphere that is developing at a time of scientific and technical revolution.

FOOTNOTES

1. "Statistical Abstract of the United States, 1975," pp 531-532; "Economic Report of the President, 1977," Wash., 1977, p 93.
2. D. Hayes, "Energy: The Case for Conservation," Worldwatch Institute, 1976, p 53.
3. Calculated according to data in: "Statistical Abstract of the United States, 1975," p 849; "Narodnoye khozyaystvo SSSR v 1974 g." [The National Economy of the USSR in 1974], p 103.
4. "Statistical Abstract of the United States, 1975," pp 573, 575.
5. D. Hayes, Op. cit., pp 33-34.
6. Ibid., p 14.
7. SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 11, 1975, p 12.
8. "Materialy XXV s"yezda KPSS" [Materials of the 25th CPSU Congress], p 13.
9. L. Grayson, "Economics and Energy," 1975, p 27.
10. "Economic Report of the President, 1976," p 87.

11. "Energeticheskiy krizis v kapitalisticheskom mire" [The Energy Crisis in the Capitalist World], Moscow, 1975, p 29.
12. SURVEY OF CURRENT BUSINESS, January 1976, pt II, pp 7-9.
13. "International Economic Report of the President, 1976," p 183.

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U.S. POLICY IN THE PERSIAN GULF

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 17-26 LD

[Article by A. D. Portnyagin]

[Text] Following the fourth Arab-Israeli war in October 1973, the U.S. policy toward countries of the Persian Gulf was marked by a new stage, characterized in its entirety by a substantial intensification and broadening of the scope of its activities in this part of the world. The energy crisis prevailing in the capitalist countries, the establishment during this period of the united front of Arab oil-exporting countries, the aggravation of contradictions between the United States and its principal allies (Japan and the countries of Western Europe) on questions of Mideast policy, and the growing dependence of the United States itself on the Arab states' oil--all this has sharply increased the strategic, economic and political significance of the Persian Gulf area for Washington, not only on a regional, but on a global scale.

The Persian Gulf zone, which is part of the Indian Ocean, is the site of 10 countries having a total population of 57 million and overall area of 5.52 million [square] km. The largest among these are Iran (population over 30 million), Iraq (over 10 million), the Yemen Arab Republic (7 million), and Saudi Arabia (8 million). To the north, the Persian Gulf zone is bordered by the Soviet Union, to the east by countries of South Asia, to the west and northwest by countries of the eastern Mediterranean, and to the south and southwest it is washed by the Indian Ocean and the Red Sea.

The Persian Gulf zone's location at the intersection of important air and sea routes linking countries of the east and west, its geographic proximity to a region where conflict situations threatening world peace frequently arise (the Near East, Africa, South Asia), as well as its great oil reserves¹, have determined the great strategic importance this region has for the United States and its allies.

As early as 1973, oil from the Persian Gulf countries accounted for 25 percent of all imports of oil into the United States, and according to estimates, could account for 80 percent by 1980.²

U.S. specialists estimate that the Persian Gulf zone could in the best way meet the growing needs of the U.S. economy for imported oil (in 1976, over 40 percent of U.S. oil demand was met from imports from abroad).³ Furthermore, the Pentagon looks upon this oil as a convenient and nearby reservoir for U.S. naval vessels cruising in the vicinity.

U.S. ruling circles have set themselves the goal on the one hand of intensifying their economic, political and military influence on the Persian Gulf zone, and on the other, of splitting the Arab countries' front, breaking a number of the "rich" countries of the Persian Gulf zone away from it, hindering the development of the national liberation movement, and weakening the good-neighborly, friendly relations of the littoral countries with the Soviet Union. For the achievement of these goals, particular attention is being paid to strengthening pro-American regimes.

Realizing that the firm assurance of deliveries of Near East oil is closely linked to the nature and evolution of the general situation in the Persian Gulf region, Washington is not only carefully observing changes in it, but is undertaking measures aimed at controlling and even influencing it.

The concern of the U.S. ruling circles is primarily caused by the anti-imperialist, anti-American attitude in the Arab world. As the events of 1973 showed, the Arab countries (even countries from among those which had close ties with the United States) were capable of taking decisive measures, right up to imposing an embargo (or threatening to do so) on the export of oil to the United States and to other countries supporting Israeli aggression. As Columbia Professor George Hurewitz observed, the reaction of the states of Western Europe and Japan to the attempts of the Organization of Arab Petroleum Exporting Countries (OAPEC) to apply oil sanctions for political purposes during the 1973 October War "bordered on hysteria." In order to save their economies from ruin, many Western capitals at that time were forced to acknowledge the justness of the Arab cause.⁴

Another cause of serious concern in U.S. business circles is the effort of all the members of the Organization of Petroleum Exporting Countries (OPEC) to carry through to the end their cause of the redistribution of their profits in their own interests. This redistribution is strengthening OPEC's financial might and considerably altering the system of mutual relations between the United States and the Arab countries. This course is being pursued in the process of the nationalization of U.S. oil extracting companies which since the 1970's have held a dominant position in oil extraction in the Persian Gulf countries nearly 100 percent in Saudi Arabia, 50 percent in Kuwait, 40 percent in Iran and 25 percent in Iraq.

In 1972, Saudi Arabia bought 25 percent of the stock of the U.S. Aramco company (which includes Standard Oil of California, Texaco, Mobil and Exxon) for \$500 million, and in 1974, it bought an additional 35 percent. Talks on further nationalization of this company continued in 1976.⁵

In Iran, the leading role in the oil industry was played by the international oil consortium (which received 90 percent of all oil extracted in Iran), 40 percent of whose stock was owned by American capital, 40 percent by British, 14 percent by Anglo Dutch, and 6 percent by French capital. In conformity with an agreement signed on 24 May 1973 between Iran and the international oil consortium, the Iranian Government established full control over the extraction, refining and sale of oil and oil products in its country.

In 1974, the Kuwaiti Government announced the nationalization of 60 percent of the oil monopoly Kuwait Oil Company, which was extracting 95 percent of the country's oil. Its stock was held equally by the U.S. Gulf Oil Corporation and the UK British Petroleum Company. In 1975 talks began on the full nationalization of the Kuwait Oil Company.

The Iraqi Government dealt most decisively with the foreign monopolies, nationalizing in the period 1970-1975 all foreign concessions, including U.S. companies. These measures make it possible for the country to utilize the funds obtained from oil for the needs of the national economy.

Nationalization has undermined the position of U.S. oil monopolies in the Persian Gulf countries. During the period when U.S. demand for Near East oil was growing, U.S. control over the oil's sources was gradually diminishing. For some time U.S. political circles hoped that this process would be neutralized by the dependence of the Near Eastern countries on markets for their oil (including the United States), but the accumulation by the Arab oil-exporting states of large amounts of capital with comparatively limited outlays showed these hopes to be unjustified.

The acuteness of the problems arising in connection with the events in this region are contributing to a demarcation in Washington political circles between the supporters of moderate measures and the "extremists." U.S. specialists and politicians consider the situation here to be extremely unstable and fraught with very dangerous consequences for the United States, especially in the event of a new aggravation of the Arab-Israeli conflict. Practically no one doubts that in such an event OAPEC would not hesitate to once again resort to the oil embargo weapon. Aside from considerations of an economic nature, one of the sound decisions of the OPEC Qatar conference in December 1976 on raising petroleum prices was the one to make an effort to influence the position of the new administration in Washington with the aim of pushing it toward weakening its support of Israel and more actively seeking a peaceful settlement in the Near East. And in the opinion of observers, the present U.S. administration--also taking into account the specter of an oil embargo--"will have to devote attention to the positions of the moderate countries in preparing a political solution for the Near East."⁶

It is felt in Washington that a threat to U.S. interests could also arise from the aggravation of "local hostility," which is being fed by unresolved problems (territorial, tribal and so forth) among the countries of this region, and which, incidentally, are being heated up by the interference of outside imperialist forces. There are serious disagreements between Saudi Arabia and

Iran on whose cooperation the United States depends; they are much deeper than would appear at first glance and, in the event of the outbreak of a crisis situation, could lead to a serious conflict.

To a certain extent, the disunity and contradictions among countries of the region, which are making it more difficult to organize cooperation and form a united front, answer the interests of the United States and are enabling it to achieve its goals in a number of cases. At the same time, some U.S. specialists consider that excessive exacerbation of the situation in this region is disadvantageous to the United States on the grounds that it will inevitably disturb stability in the extraction and export of oil. They conclude that the United States should be concerned with supporting a relatively peaceful political situation here and strive in every way to split the unity of the progressive regimes and weaken their cooperation with the socialist countries.

Representatives of these U.S. circles received favorably the news of the signing in March 1975 of the agreement on the solution of the border dispute between Iran and Iraq, and also of the more conciliatory position of Saudi Arabia in several disputes with its neighbors. Professor E. Nakhleh, one of the leading experts on U.S.-Arab relations, calls these events the most important in recent years from the viewpoint of strengthening peace in this region.⁷

The fact itself of the improvement of Iranian-Iraqi relations is an indisputable positive event in the matter of supporting peace in the Persian Gulf zone. But the crux of the matter lies in the fact that the United States regards this agreement as one means of contributing to the weakening of Iraq's ties with the socialist countries, countries having progressive regimes, and also with the national liberation movement in that part of the world. Washington's desire to bring Iraq into its sphere of influence testifies to the U.S. ruling circles' extreme concern over states such as Iraq or the People's Democratic Republic of Yemen supporting the elimination of any form of U.S. imperialism in the Persian Gulf zone.

The United States is showing a certain concern in connection with the national liberation movement in Dhofar, a province of Oman, where the Popular Front for the Liberation of Oman is waging a liberation struggle against Omani troops under the command of British officers. This is evident from the support which it is giving to Oman's Sultan Qabus.

At the same time, the United States is striving to utilize the disagreements and disputes among the Persian Gulf countries for its imperialist aims. This was particularly noticeable recently in the relations of Iran and Saudi Arabia, between whom the contradictions have become aggravated as a result of their efforts to occupy a dominating position in the region.

Possessing great reserves of oil and being the world's biggest exporter of this resource, Saudi Arabia is also undertaking efforts to strengthen its position within the framework of OPEC.

The efforts of both states to secure a commanding position by weakening each others' influence is leading to tension in relations between them and is at the same time creating conditions for broader interference of U.S. imperialism in the interregional relations of the Persian Gulf zone. The economic rivalry of the two states, particularly apparent in the question of raising oil prices during the Qatar meeting in December 1976, when Saudi Arabia and the United Arab Emirates declined to raise the price of oil 10 percent as of January 1977 (they stated that they would raise the price only 5 percent), intensified the centrifugal tendency in the up-to-now solid ranks of oil exporters. It is natural that official Washington, which in the words of the U.S. weekly TIME had long been nurturing "secret hopes...of a split in the OPEC ranks" responded positively to the results of the Qatar meeting. Both departing President G. Ford and representatives of the new administration expressed to the ambassador of Saudi Arabia approval regarding "its bold and wise move."⁸

This decision, however, had other consequences for the economic activity and mutual relations of the Persian Gulf countries. Thus, according to a report in London's FINANCIAL TIMES, in January 1975 about 25 percent of the Western companies reduced their oil purchases from Iran by 50 percent. At the same time, Iran's Deputy Foreign Minister Assar acknowledged that Riyadh's decision to raise oil prices only 5 percent was a "source of friction" between the two countries. Meanwhile Saudi Arabia and the UAE decided to increase oil extraction to the maximum, with the aim of unloading on the capitalist market as much relatively cheap oil as possible, thus undermining the solidity of the position of the other members of the organization.

Western observers and specialists see in these decisions the beginning of a serious split between OPEC members insofar as Saudi Arabia together with the UAE can bring its extraction level to one-half the volume of oil production of the countries belonging to this organization. "A split could lead to the wrecking of the entire OPEC price formation system," a Japanese expert commented regarding this piece of news.

Despite the assurances of Shaykh Yamani, the Saudi Arabian minister of petroleum and mineral affairs, that the "moderate" decision of his government should be regarded simply as an attempt to give the United States a "chance" to "show goodwill in the Near East," an inference suggests itself about the close connection between the broadening of U.S. links with Saudi Arabia, the aims of the latter to gain a ruling position within OPEC--which the United States took into account and utilized in its policy, and imperialism's entire strategic line directed toward undermining the unity of OPEC and isolating the progressive Arab countries belonging to this organization (Libya, Algeria, Iraq). "This step by Saudi Arabia means the victory of U.S. diplomacy in the economic area," writes a TIME observer. "The political consequences are enormous."⁹

One of the effective levers for influencing the situation in the Persian Gulf zone is believed by interested circles in the United States to be the consolidation of U.S. capital's economic position there.

U.S. specialists first of all recommend that Washington promote in every way an increase in U.S. exports to countries in the region with the aim of more strongly tying their economy to the U.S. market. In the first half of the seventies (from 1970 to 1974) U.S. exports to Kuwait increased 3.4 times, to Iran 5.3, Saudi Arabia nearly 6, Bahrain 77, and Iraq 13 times. Imports to the United States from several countries of this region--consisting mainly of oil--increased at a more rapid rate. Thus, during the same period imports from Bahrain increased 8 times, from Iran 32, and from Saudi Arabia 83.5 times.¹⁰

U.S. penetration is encountering strong competition from other capitalist countries and is leading to further exacerbation of interimperialist contradictions in this region. Nevertheless, the United States intends to strengthen its trade ties with Persian Gulf countries, particularly with Iran (whose markets had been dominated until recently by the FRG and Japan) and Saudi Arabia, which it regards as important supporters of U.S. interests in this region.

At the beginning of 1975, the United States concluded a trade agreement with Iran on delivery of \$15 billion worth of technology and equipment over a 10-year period. An even bigger agreement--coming to \$17 billion--concluded in 1974 with Saudi Arabia, provided for United States aid in industrializing its economy, which in the opinion of U.S. economists would contribute to the further increase in U.S. exports to this country.

U.S. Exports to the Persian Gulf Countries 1968-1975, in millions of dollars

Country	1968	1969	1970	1971	1972	1973	1974	1975 ³
Bahrain	12	11	12	24	26	41	80	90
Arabian Peninsula States ¹	48	39	49	66	-	-	-	-
Iraq	15	15	22	32	23	56	285	310
Iran	280	352	326	482	558	772	1734	3242
Kuwait	109	76	62	84	111	120	209	366
Oman	(2)	(2)	(2)	(2)	7	9	37	75
Qatar	(2)	(2)	(2)	(2)	13	19	34	50
Saudi Arabia	187	154	141	164	314	442	835	1502
United Arab Emirates	(2)				69	121	230	372
Yemen Arab Republic					2	10	11	-
People's Democratic Rep. of Yemen	3	2	3	1	1	3	12	-
Total	654	649	615	853	1124	1593	3467	6007

(1) Until 1972, including Oman, Qatar, United Arab Emirates, Yemen Arab Republic

(2) Included in the column "Arabian Peninsula States"

(3) Data for 1975 cited from "Highlights of U.S. Export and Import Trade. December 1975" Washington, 1976

U.S. Exports from the Persian Gulf Countries 1968-1975, in millions of dollars

Country	1968	1969	1970	1971	1972	1973	1974	1975 ⁴
Bahrain	10	9	8	16	20	17	61	101
Arabian Peninsula States ¹	30	34	61	87	-	-	-	-
Iraq	3	3	3	9	9	16	1	19
Iran	83	87	67	136	199	343	2132	1400
Kuwait	39	30	25	36	49	65	13	111
Oman	(2)	(2)	(2)	(2)	3	24	21	53
Qatar	(2)	(2)	(2)	(2)	5	13	80	57
Saudi Arabia	58	41	20	99	194	515	1671	2625
United Arab Emirates	(2)	(2)	(2)	(2)	27	67	366	684
Yemen Arab Rep.	(2)	(2)	(2)	(2)	(3)	(3)	1	-
People's Democratic Rep. of Yemen	(3)	(3)	(3)	3	3	4	5	-
Total	223	204	184	386	509	1064	4351	5050

(1) Until 1972, including Oman, Qatar, United Arab Emirates, Yemen Arab Republic

(2) Included in the column "Arabian Peninsula States"

(3) Less than \$500,000

(4) Data for 1975 cited from "Highlights of U.S. Export and Import Trade. 1 December 1975," Washington, 1976

OVERSEAS BUSINESS REPORTS, April 1975, p 23

The United States allots a special place in the strengthening of economic positions in Persian Gulf countries to the increase of capital investment. Despite the reduction in the overall volume of U.S. foreign investments in the mid-70's, which was the result of the economic crisis in the capitalist world, U.S. capital investment in the Near and Middle East doubled in 1975 from \$2.2 billion to \$4.5 billion, and reinvestment grew by 20 percent.¹¹

However, the main instrument for binding the Persian Gulf countries to the United States has until recently been thought to be its deliveries of various kinds of arms to them. Data on large-scale U.S. arms sales in the Persian Gulf region have recently been published in the Soviet and foreign press. Analysis of this problem shows that apart from their huge profits, large-scale U.S. arms sales provide an additional instrument for establishing and consolidating a broad system of economic, military and political dependence on these countries on the United States. After acquiring various kinds of combat equipment, they will need spare parts, other things required for its utilization, and instructors and specialists for its maintenance. It is also characteristic of the situation that Washington makes its willingness to provide the

most modern weapons and participate in building entire military complexes conditional on the potentials for increasing direct U.S. military presence in this region.

In conformity with this course, the United States is rendering broad assistance to measures taken by Iran in the construction of a network of air and naval bases (the largest ones are in Bandar Abbas) and material and technical supply centers (about 30 along the Iranian shore of the Persian Gulf). U.S. technical assistance is helping with the construction of a \$600 million base in Chah Bahar Bay for serving the Iranian Navy and Air Force, to be the largest such base in the Indian Ocean. Many retired U.S. officers are employed in the special training of Iranian military and paramilitary units. Thus, the Grumman firm will keep over 2,000 engineers and technicians in Iran for servicing 80 F-14 Tomcat fighter planes with variable wing geometry, and 1,500 former U.S. servicemen, hired by the Bell Helicopter firm, are assisting in the creation of an Iranian airmobile brigade.¹²

U.S. readiness to participate in the creation of the Iranian military complex is explained not only its desire to promote the growth of Iran's military potential, but also by its calculations that it will itself acquire the right to use this complex, which would entail for Iran not only economic, but also military consequences.

The arming of Saudi Arabia, with which the United States signed an agreement on broad military and economic cooperation in June 1974, is increasing at a rapid rate. In connection with this agreement, a number of large industrial and military projects are to be built in Saudi Arabia. Thus, THE NEW YORK TIMES of 22 June 1975 reported that the construction of the Al-Batin military center in the northeast of the country would cost \$2 billion. Two military-medical complexes, costing a total of \$925 million will be built in 1980 in Riyadh and in At-Ta'if, the summer capital situated in the mountains. The construction program also includes two airfields in Riyadh and Jidda, at a cost of \$350 million, a military school (\$400 million), and a road network totaling about 4,000 km. In accord with another agreement, concluded in January 1975 through the Pentagon between the U.S. Vennel Corporation and Saudi Arabia, 1,000 employees of this firm will be sent to Saudi Arabia over a period of 3 years, where they will train the local national guard.

The course toward broadening the military-political cooperation of the United States with Saudi Arabia is also aimed at establishing a "partnership" between the two countries in the Persian Gulf area. At the same time, it is aimed at making Saudi Arabia dependent on the United States in matters of military-technical supply and thus at substantially narrowing its freedom of action with regard to the United States and the West as a whole, including its action on questions of redistribution of oil profits.

The same kind of political "load" also accompanies the course toward expanding U.S. military links with other oil-extracting countries of the Persian Gulf--Kuwait, Oman and the UAE, where armament continues to increase with U.S. aid.

In the middle of the 70's U.S. military links with Oman were rapidly expanded. In January 1975, as a result of Sultan Qabus' visit to Washington, an agreement was reached in principle "on strengthening Oman." Soon after this visit, the United States delivered antitank missiles to Oman and dispatched military specialists to train the Omani soldiers in the handling of U.S. arms. As a "return gesture" the United States demanded that al-Masira Island be turned into a base for aircraft of the 7th Fleet, in order to gain control over the Arabian Sea and the Strait of Hormuz--the strategically important entry to the Persian Gulf. According to London's the GUARDIAN of 2 February 1977, Qabus agreed to put the base on Al-Masirah Island at the disposition of the U.S. Navy and Air Force.

Thus, one of the main directions of Washington's policy regarding the Persian Gulf countries is not only to increase, so to speak, its indirect military presence (through arms deliveries, the "export" of large contingents of specialists, the conclusion of "defensive" agreements, and so forth), but also to expand the bridgehead for exerting direct military-political pressure. Precisely these desires dictate the U.S. demands to be accorded the right to use the military complexes built in the region with its assistance, the demands to turn Al-Masirah Island into a base for the 7th Fleet, to build a U.S. Air Force base in the Emirate of Ras Al Khaimah of the UAE, in return, and perhaps, in addition to the base at Bahrain, demands that regions be set aside for maneuvers, and so forth. Similar desires, such as the "familiarization" visits of U.S. naval vessels in Persian Gulf waters (similar to the visit of the aircraft carrier Constellation and two missile destroyers in 1974), are logically tied to the plans, which in fact remain in effect, for the defense of U.S. interests in the Persian Gulf zone in case of "exceptional circumstances" with the aid of direct military intervention. It will be recalled that following the Arab states' embargo on oil deliveries to the United States and other countries which supported Israel during the Arab-Israeli war of October 1973, both U.S. Government representatives and political experts raised the threat of possible direct military action. In particular, the idea of Johns Hopkins Professor Tucker met with a wide response. In an article published in two issues of the magazine COMMENTARY, he developed the idea that in the event of a threat to the U.S. "vitally important interests" (such as, in his opinion, a new OAPEC boycott against the United States, the use of military force should be considered as a "possibility which is always present."¹³ Tucker's idea was seized upon by several groups among U.S. political circles and with minor changes was viewed as an alternative to the U.S. diplomatic and economic measures undertaken to exert pressure on the Arab states.

The Western press also published information on the existence of a specific plan, approved by the National Security Council, for the conduct of military operations in the oil-field region of the Persian Gulf zone.¹⁴

Publication of reports on this plan can be considered as blackmail and intimidation of the Arab states. Nevertheless, it testifies to the fact that in U.S. "crisis planning" organs operational plans are being drawn up against the

emergence of an extraordinary conflict situation in this part of the world, and that large-scale armed action is not ruled out as an extreme remedy.

In an attempt to justify imperialist aims in the Persian Gulf region, U.S. military and many political figures like to give the impression that they are concerned only with global strategic problems there insofar as they are connected with the region's proximity to the Soviet Union. Of course, as is evident from the works of U.S. specialists, the U.S. efforts to build up its naval presence in the Persian Gulf zone by no means excludes its intention of keeping its sights on national economic targets in the southern and central USSR, and also, through the Trident missile, in the northern regions of the USSR.¹⁵ However, such "justifications" should have suggested to the states of the Persian Gulf zone that the United States is thereby drawing them into its global strategy.

The spurring of the military-political and economic activity of the United States in the Persian Gulf region following the October 1973 war in the Near East in pursuit of the aim of strengthening U.S. influence here is linked in the most direct way with the overall U.S. strategy in the vast region of the Indian Ocean basin, where U.S. ruling circles are striving to effect a buildup of their power potential through the creation of material and technical supply bases capable of handling large carrier-aircraft formations. It is obvious that the United States is already striving to establish sufficiently large strong points here in order to demonstrate its intention of establishing military control over the political situation in the Persian Gulf zone, and also to assure the primacy of its position on a wider scale.

However, there is another side to such a policy: The arms race in the Near and Middle East is intensifying the risk of the outbreak of a broad armed conflict in this explosive region. Such a conflict would not only threaten the supply of oil to the United States and its allies, but would be fraught with much broader consequences for the United States by virtue of its involvement in the region. Thus, the information bulletin DEFENSE MONITOR notes that the U.S. military programs and large arms deliveries "are intensifying the tension in the Persian Gulf area and increasing the probability of the outbreak of war."¹⁶ The U.S. special information center for military problems calls the Persian Gulf area a "powder keg."¹⁷ The well-known analyst M. (Kler), in stating that "U.S. military personnel have already invaded the Near East, and today U.S. specialists are in fact implementing control over the armies of most of the Persian Gulf countries," accuses the initiators of this course of "planning a new Vietnam."

It is therefore not surprising that a policy promoting the arms race in the Near and Middle East and the broadening of direct U.S. military presence in the Persian Gulf zone is being subjected to increasing criticism both in U.S. Government circles and in Congress. Taking note of this attitude, U.S. President J. Carter, during his election campaign and thereafter, has more than once spoken out in favor of reducing the "practically unlimited sales" of U.S. arms to other countries. For now, however, it is difficult to tell how far J. Carter will go toward the solution of this problem.

An analysis of U.S. policy in the Persian Gulf zone in recent years shows that Washington is manifesting an increasing desire to bring the countries located in that area as deeply into its sphere of influence as possible with the aim of assuring long range conditions--providing the maximum possible profit to U.S. monopolies--of access to the "black gold."

Not the least role in these efforts is being played by the policy aimed at suppressing the liberation movement and organizing regional cooperation among states of pro-American orientation, with the aim of isolating progressive regimes and at the same time attempting to weaken the growing authority of the USSR in this part of the world.

However, the developing situation in the Persian Gulf zone testifies to the fact that this course does not enjoy firm support there. Gradually realizing the true aims of U.S. imperialism, a number of Persian Gulf countries, including those on whose unfailing "loyalty" Washington counts, are with increasing frequency coming out against the expansion of the U.S. presence there, particularly its military presence. Not without reason they assess the U.S. expansion as one of the basic causes for the emergence of instability in the region and friction among the states situated there, as a factor aimed at the infringement of their right to the disposition of their own resources, and as evidence of the United States' aims to draw the entire region into imperialism's military and political strategy, which embodies a threat to the security and national interests of the peoples.

The situation in the Persian Gulf zone, as in the Near East as a whole, is complicated by the continuing Arab-Israeli conflict, and urgently demands the adoption of effective measures aimed at a settlement of the problems of this area. An important place among these problems is occupied by the question of the halting of the arms race, into which many Persian Gulf states have been drawn through the fault of the Western powers, and particularly of the United States.

FOOTNOTES

1. The area of the Persian Gulf countries includes the Mesopotamian oil and gas basin, 2500 km long. It is one of the world's largest oil reserves, estimated at 50 billion tons (1973) and constitutes about 70 percent of the reserves of all capitalist countries.
2. "Summary of Energy Facts and Issues," Hearings before the House Ways and Means Committee, 4 March 1975, Washington, 1975, p 155; THE NEW YORK TIMES, 29 July 1973.
3. According to the authoritative OIL AND GAS JOURNAL, the United States "evidently will never find another such region." OIL AND GAS JOURNAL, 19 May 1975, p 63.

4. J. Hurewitz, "The Persian Gulf," Headline Series No 220; N.Y., 1974, p 57.
5. Despite the efforts of Saudi Arabia to nationalize all Aramco property, the company still, as formerly, gets 40 percent of the oil extracted in the country and has the right to buy nearly all the rest of the oil extracted in Saudi Arabia. INTERNATIONAL HERALD TRIBUNE, 20 December 1976.
6. INTERNATIONAL HERALD TRIBUNE, 20 December 1976.
7. E. Nakhleh, "The United States and Saudi Arabia," Washington, 1975, p 51.
8. TIME, 27 December 1976, p 46.
9. Ibid.
10. OVERSEAS BUSINESS REPORTS, 25 April, pp 20-23.
11. BIKI [BULLETIN OF FOREIGN COMMERCIAL INFORMATION], No 19, 5 October 1976.
12. THE NATION, 31 January 1976.
13. Specifically, Tucker considers that in view of the inexpediency of conducting armed intervention over a large area, a limited section containing a large quantity of oil should be chosen, control of which would make it possible to liquidate the entire price system as well as the "economic and political foundations" of OPEC. Such a section, in his opinion, would stretch nearly 400 miles from Kuwait along the Persian Gulf coast to Qatar and would account for 40 percent of the OPEC states' oil extraction and 50 percent of all oil resources of these countries. At the same time, the absence of a large cluster of populated points and forest cover makes it a suitable area for implementing effective control of a kind which the United States was not able to implement in Vietnam. COMMENTARY, January 1975, pp 25-26.
14. The main target of this operation, according to the plan, should be the largest source of Saudi Arabian oil--the Ghawar oil field, 105 km from the border. Its implementation requires the dispatch of about 14,000 marines and at the same time the dispatch over Israel to the Dhahran air base of a second special formation consisting of 10 battalions of the 82d Airborne Assault Division. A detailed plan prepared by the National Security Council envisions the paratroopers' seizure of the Dhahran airfield and following the evacuation of U.S. personnel from this region, the seizure of the oil field. The SUNDAY TIMES, 9 February 1975.
15. See, for example, V. Blechman, "The Control of Naval Armaments," Washington, 1975, p 55; "Soviet Naval Policy," M. McGuire, K. Booth, S. McDonnell, N.Y., 1975, p 311.
16. DEFENSE MONITOR, May 1975, p 1.
17. See page 85 of this journal.

ANTI-SEMITISM--A REALITY OF AMERICAN LIFE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No. 6, Jun 77
pp 27-33

[Article by A. A. Konstantinov]

[Summary] Anti-Semitism is an acute problem in the United States, the country in which almost half of the world's total Jewish population lives. The colonial history of North America shows that, even from the very beginning, the New World was not a "Promised Land" for the Jews. When the first group of Jews arrived in the colonies in 1654, the governor of New Amsterdam (now New York) demanded their eviction. Although the Jews were finally able to settle in the North American colonies, they were usually deprived of all political rights and were not permitted to engage in certain types of business activity. Even after the American Revolution several states continued their political discrimination against the Jews for decades. The most severe outbreaks of anti-Semitism took place in the United States at the beginning of the 20th century and during the period between the two world wars.

Many Americans now say that anti-Semitism as a political phenomenon vanished from the American scene after World War II. But the facts prove that this is far from true. Anti-Semitism not only exists in the United States, it has even become stronger in recent years. Public opinion polls have estimated the percentage of anti-Semites in the total population at anywhere from 31 to 84 percent.

There are two types of anti-Semitism in the United States. The overt type is propagandized by ultra-rightist fascist elements and organizations. The spokesmen for this group boast that Hitler's Germany will look like a "Sunday school picnic" in comparison to what the future has in store for American Jews. They state that they will build bigger and better gas chambers and that no one will escape this time. The smearing of swastikas on walls, the burning and bombing of synagogues, the desecration of Jewish synagogues and other forms of open anti-Semitic vandalism have become a part of daily life in the United States.

The other form of anti-Semitism is covert and, therefore, more "respectable." American colleges and universities set various artificial limitations on enrollments of Jewish students. Anti-Semitic hiring practices are widespread. In many communities, Jews cannot buy or rent houses in exclusive neighborhoods. They usually cannot attend private schools or join private clubs.

The so-called Jewish "defense organizations" are not doing enough to combat this anti-Semitism. These organizations are deluding the gullible Jewish population into believing that anti-Semitism can be equated with anti-Zionism. It is a well-known fact, however, that Zionism conflicts with the genuine interests of the Jewish workers and that the fight against Zionism has nothing in common with anti-Semitism. The Zionist organizations are only trying to divert the Jewish population of the United States from the struggle against their class enemy and against the actual causes of anti-Semitism in the United States.

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PARADOXES OF 'MASS CULTURE'

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 34-45

[Article by G. K. Ashin and A. P. Midler]

[Text] At this time of worldwide competition between socialism and capitalism, the ideological struggle is advancing more and more to the foreground. The successes of socialist ideology have been indisputable, but we cannot underestimate the role and potential of bourgeois ideology, the ability of this ideology to take the counteroffensive or the scales of imperialist propaganda, which, using the newest forms of mass communication, is trying to influence the thoughts of millions of people. As L. I. Brezhnev said, "every hour, both day and night, working people throughout almost the entire world are subjected to the influence of bourgeois propaganda and bourgeois ideology to one degree or another. The imperialist's hired ideologists have created a special pseudoculture, which is intended to deceive the masses and to dull their social consciousness. The fight against its destructive influence on the workers is an important part of the work being done by communists."¹

All of this makes it necessary for us to pay careful attention to what has been given the name of "mass culture" in works by specialists and the public press.

The problems connected with "mass culture" are largely "American" problems. It is precisely in the United States that this phenomenon has become most widespread. It is also here, incidentally, that many attempts have been made to interpret it, apologize for it and criticize it. And although European philosophers were the first to develop the theory of "mass culture," American commentators and theoreticians are now the leaders in this field. In the same manner, events in the capitalist countries of the West, despite the distinctive features of each country, are largely a repetition of the manifestations of "mass culture" in the United States. And it was precisely in the United States that the fiercest debates took place over the interpretation and assessment of "mass culture."

The essence of the arguments over the contradictory aspects of this phenomenon is probably formulated best in the following statements by American sociologist B. Rosenberg: "Is mass culture a vile thing, a harmless sedative or a blessing? This is the subject of fierce debates, in which no one wishes to concede.... Even now that most of us have grown tired of arguing with one another, we have not made any progress in this matter."² Just what exactly is "mass culture"?

In our literature, the concept of "mass culture" is understood to signify bourgeois culture "for the masses," for deceiving the public, for preaching conformity and for attaching the masses to a specific social structure (namely, state-monopolistic capitalism). While genuine culture enlightens man and elevates him to the status of a conscious subject of the historical process, "mass culture" is something of an anticulture, a synonym for the absence of spiritual values and for squalid conspicuous consumption, the functions of which include dehumanizing the individual, dragging him down to the level of a disciple of the bourgeois society and forcing him to accept the standards and stereotypes of bourgeois thinking and the values which draw the individual into the capitalist structure. These values and attitudes are radically contrary to the genuine interests of the masses. Therefore, "mass culture" is not a "culture of the masses," but an antipopular culture which is brought to the masses from outside for the purpose of social regulation.

At the same time, this concept of "mass culture," which is fundamentally indisputable, needs to be somewhat deepened, clarified and augmented with consideration for the tendencies in its development during the last 15-20 years.

After all, works of culture which cannot be called hack work or primitive forms of mass consumption have now begun to be in mass demand. This is why the term coined by American sociologist D. McDonald at the beginning of the 1940's is now far from unequivocal in meaning.

In order to clarify our definition of this phenomenon, we must examine the essence of the arguments which took place and are still taking place over the subject of "mass culture" in the West, particularly in the United States.

Several approaches have been taken within the framework of bourgeois sociology and anthropology. The first major approach consisted in contrasting mass culture to the elite types of culture; as a result, researchers inevitably defined the concept "in terms of its opposites": "Mass culture" was said to be the opposite of elite culture and to have the "opposite" characteristics of this culture (J. Ortega and T. Eliot, as well as H. Wilensky and L. Coser).³ Recent years, however, have demonstrated quite clearly that the elite and "mass" cultures are immeasurably closer to one another than was imagined by Ortega and his followers. Things which were recently regarded as an integral feature of "avant-garde" art have quickly appealed to the masses. This applies to the culture of "refined" intellectuals, as well as

beatniks and hippies. The cultural symbols of all of these groups have tended to become the latest fad.

Ortega once proclaimed that art takes two forms: Unpopular art which can become popular in time, and unpopular art which can never become popular-- art which is, so to speak, "unpopular in principle." And only the latter, according to Ortega, can be of lasting value. Elite culture, according to Ortega, is represented by the paintings of Picasso and Braque, the music of Debussy and Stravinsky, the plays of Pirandello, etc. But the present situation in "mass culture" shows that there are no grounds for contrasting mass culture to elite culture and for defining the former on this basis. The works of Pirandello, Picasso, Debussy and Braque are now produced in huge series and "mass culture" is transmitting them to the general public, sometimes in a somewhat adapted form, but sometimes in the original form as well. We cannot ignore the fact that works on a high artistic and intellectual level have been put on the mass market during the last few decades and have been bought by the mass public in addition to the traditional products of "mass culture." The old idea that something which appealed to the mass public would have to be a lower form of art does not agree in any way with the present reality: The works of Faulkner and Camus, Bach and Handel, Fellini and Kurosawa are being enjoyed on an unprecedentedly wide scale, without any kind of pandering to the taste of the average consumer and without any kind of adaptation.

Another large group of culturologists believed and still believe that any kind of art which is capable of gaining the greatest audience within a short period of time or almost instantly is "mass culture."⁴ At the same time, these theoreticians tend to regard "mass culture" as a fatal result of technology, primarily technical means of mass communication.

It is not difficult to see that this kind of definition is tautological and that this kind of cause and effect relationship ("mass culture" as something born of the mass media) only produces the illusion of an explanation. This phenomenon is not obligated to the mass media for its "mass" nature; the mass media only serve as channels for the transmission of cultural information.

We can agree that growth in the productive forces of a society and development in the mass media cause culture to become more dependent on technical means for its transmission. But it is doubtful whether the distinctive features of mass culture have depended specifically on the mass media. After all, the fact that a work is published and distributed on a huge scale does not in itself make it part of mass culture. Only demand can do this. And we are referring to genuine demand, and not the artificial demand that is connected with fashions, status-seeking, etc. When thousands of people put certain works on their bookshelves or hang certain works of art on their walls for the purpose of gaining more prestige among their associates rather than for the purpose of reading or looking at these works precisely as works of art, the works do undergo the process of becoming

something that appeals to the masses, but this process is of a different nature than the one which occurs when the works are appreciated as they should be.

Because of this, we can say that the practice of calling mass culture a derivative of the mass media and thereby ignoring demand signifies an attempt to define the phenomenon in terms of an insufficient quantity of characteristics. Moreover, even when demand is taken into consideration, this still does not give us a clear enough idea of the distinctive features of mass culture, since it only allows us to touch upon these features and does not explain their internal nature.

A third, more intelligent approach to the definition of "mass culture" was characterized by the thesis that it was something of a superstructure over what could be called the "mass social structure." In other words, bourgeois culture did not begin to acquire a mass nature because of the fact that widely broadcasted channels reached a mass audience, but because of the growing similarity in the living conditions of the general public. Z. Bauman, one of the first to advance this thesis, wrote: "The standardization of living conditions is followed by the standardization of cultural criteria. The quicker the process of universalization occurs and the more widespread it becomes..., the greater the social significance acquired by 'mass culture.'"⁵

But even this approach is onesided, since it eradicates all of the differences arising from the class nature of the society. The determining factors of universalization are taken to be only the market, the system of social organization in the society and, finally, technology.

In addition to the attempts made to define "mass culture" in terms of its sources, the difference between which consists in the various methods of its production (this is the prevalent emphasis of the study mentioned above), we should also discuss the descriptions of this phenomenon from the standpoint of "distribution" and "consumption." The many opinions of this category can be divided into three groups.

During the 1960's, many bourgeois researchers agreed with T. Eliot's idea that mass culture is always a substitute for culture as such and that, sooner or later, the most intelligent of those on whom this culture had been "foisted" would discover that they had been deceived⁶ (M. Tumin, Farrell, I. Howe and J. Aranguren). The "deceptive nature" of mass culture would allegedly expose itself, since, the greater the dissemination of spiritual culture, the thinner it would be spread, that is, the less valuable it would become.

J. Aranguren writes: "We think that the mass media can only lead the public in the direction in which it already wished to go."⁷ This represents the contemporary development of Ortega's ideas, according to which the masses have a dual effect (a preliminary effect, which provides guidelines to the

suppliers of culture, and a reciprocal or correlating effect) on those who control the media. At the same time, the audience itself allegedly determines the content of mass culture. But the opinion that the individual chooses those cultural forms which are "closest to his heart" is illogical, and this is admitted by those involved in the practice of American culture as well as by theoreticians. In the words of E. Johnston, former president of the Motion Picture Association of America, the movie viewers in his nation had "carefully trained" the past generations of producers.⁸ And this is why the pseudodemocratic appeal to "not force high cultural standards on all and sundry, but try to satisfy existing cultural demands"⁹ essentially only suggests concessions to things that are mainly in bad taste.

The belief that the modern mass audience in the United States decisively influences the content of the mass media is not only groundless, but also plays a reactionary role, providing those who control the mass media with an alibi for the kind of information they transmit.

When representatives of the progressive public make protests against outbursts of pornography, the propagandization of violence and drug abuse and the stimulation of the baser instincts with the aid of the newest forms of mass communication and when physicians and psychologists issue warnings about the pernicious effect of the "mass culture" on adolescents, the owners of television stations and publishing firms and their learned advisers respond by expressing amazement and politely explain that they are guided by the sacred principles of democracy. They are "giving the public what they want," while these protesting intellectuals are supposedly promoting their own preferences by saying that these are the things that the "average citizen" wishes to see, read and hear. The shortcomings of the mass media, bourgeois apologists state, are only a reflection of shortcomings in the taste of the masses themselves, who "freely express" their will and choose the cultural forms they prefer.

The conclusions of the second group of researchers (W. Lippmann, M. Mead, A. Schlesinger, and W. Schramm) essentially boiled down to the fact that mass culture is created and controlled by the forces financing the media, but, instead of denouncing the manipulators of the mass consciousness, they emphasize projects to "ennoble" the mass media with the aid of intervention by the "humanistically oriented" intelligentsia, government pressure and the appropriate distribution of funds.

Therefore, while the first theoretical platform "reserves" mass culture for the masses, the second appeals to "high society," trying to "influence" it.

The third group of researchers tries to avoid using the terms "mass" or "social group." The sociologists who are commonly called "optimists" in the Western social science community (E. Shils, G. Seldes, D. White) are trying to explain this phenomenon as the psychological predispositions of the individual. They write that, even if mass culture is as vulgar as it is described by refined intellectuals, it is still wrong to speak of its "evil"

influence on the individual. The qualities inherent in the individual may not correspond to his choice of cultural standards. According to these researchers, there are complex connecting links, which have not been sufficiently analyzed, between the human individual, "mass culture" and "culture in general." In any case, however, mass culture in itself, they write, is a positive phenomenon; it contains much that is useful and, moreover, deeply meaningful: It enlightens, entertains and gives pleasure, and blaming it for social anomalies confuses the cause with the effect. According to E. Shils, mass culture puts population strata which had formerly been outside the realm of culture into the cultural context; it provides them with a great deal of information, and not only scientific and political news, but also ethical information. D. Bell feels that the Americans are indebted to the mass media for the "enlightenment of the lower classes" and the development of a "common culture."

A common feature of all of the positions occupied by bourgeois researchers of mass culture consists in the fact that, regardless of the way in which they assess this problem, all of them ignore its class basis and its social essence, thereby dooming themselves to a onesided understanding.

Despite the apparently diametrically opposed approaches taken by these bourgeois researchers of mass culture, they all criticize or describe this phenomenon "from within," from a standpoint of acceptance of the capitalist system as a whole. This is true in those cases when the individuals controlling the mass media are blamed for the defects and ills of mass culture and in those cases when the masses are blamed for everything.

In this connection, we would like to object to two views which have become prevalent in our philosophical and artistic literature as well as in American literature.

The first of these views reduces mass culture to mass art. This is the narrow interpretation of the former as inferior entertainment intended for the mass market. But mass culture does not only consist in works of mass art; it is also a "lifestyle" and the methods of "spiritual consumption" which are closely connected with the state-monopolistic social structure. "Mass art" is only the smaller, visible part of the iceberg called "mass culture."

The second view again reduces mass culture to the most inferior kind of artistic product--primitive, openly untalented or scabrous art, all that which is now called kitsch.¹⁰

It is true that mass culture and kitsch are similar and interrelated phenomena; moreover, kitsch is an integral part of mass culture. And, finally, kitsch represents a definite stage in the development of mass culture, and it is therefore sometimes quite correct to identify mass culture with kitsch. But the 1970's have demonstrated quite clearly that there are no grounds for this kind of equation.

The end of the 1960's was marked by the unprecedented expansion of mass culture, which integrated several spheres that had formerly been regarded as its opposites (the "avant-garde" culture, the youth culture, the hippie culture, etc.). Many researchers have written about the greater role played by mass culture in the United States by the beginning of the 1970's.¹¹ The experience of the "period of rebellion" at the end of the 1960's and the outburst of activity on the part of leftist forces, particularly the student movement, definitely had a powerful effect on the development of mass culture. In complete contradiction to the traditional interpretations of this phenomenon, the field of mass culture began to be seen as a field for the critical assimilation of reality.¹² At the same time, reactionary critics in the United States are accusing mass culture of serious "provocations": From the cultivation of a skeptical attitude toward the law¹³ and tendentiousness¹⁴ to its blame for the creation of political crises.¹⁵

In their interpretations of the expansion of mass culture, some researchers even spoke of the need for putting an end to all attempts to divide culture into "real" culture and pseudoculture. This is something new in American culturology: Just a few years ago, no one would have taken the risk of saying this openly.

We must speak of the social context within which the latest trends in mass culture have become apparent. We know that, during the 1960's and at the beginning of the 1970's, there was something of a rise in the educational level of the American masses due to the effects of the scientific and technical revolution and the growing demand for skilled manpower; the wages of some categories of workers were increased and their spiritual demands were elevated accordingly. All of this could not fail to have an effect on the class struggle. The demands made by the masses took on stronger political overtones and there was a characteristic search for new values to correspond to this new understanding of the higher things in life.

The struggle by the workers for their rights during the 1960's and 1970's revealed the maximum potential of traditional means of ideological pressure. The decline of Western ideology due to its absence of ideals transcending the framework of material demands¹⁶ had the result of making Marxism more attractive and stimulating the desire for a more perfect social order.

The socioeconomic system of the United States was faced by the fact that the mass consciousness was largely rejecting the traditional pragmatism of American social and economic policy.¹⁷ In the words of an American sociologist, "the empty belly was replaced by an empty mind,"¹⁸ and one of the most important ways of demonstrating sociopolitical activity consisted in loud protests against primitive forms of ideological manipulation.

It was these processes that led to the modification of mass culture and to its transition from the stage of the undivided rule of kitsch to a stage which was characterized by attempts to "ennoble" it by means of its "scientification," "ethization" and, in particular, "aesthetization." Let us examine these processes separately.

The absence of spiritual value in kitsch was scandalously contrary to the requirements of the modern scientific and technical revolution. One of the objective requirements of this revolution--the augmentation of the role and influence of mental labor and the intellectualization of labor--made the workers yearn for spiritual culture. The overt deception of the consumers of culture conflicts with the requirements of the scientific and technical revolution. Kitsch is not given much credit by an audience that has been in contact with contemporary culture, even if it has only been touched by this culture in passing. And mass culture is trying to adapt itself to this situation and to "keep in step with the times." This is the reason that mimicry is one of its constant characteristics, which has now reached a high level of perfection.¹⁹

Incidentally, even kitsch did not stay put. It gradually acquired new content and changed itself. Although this new content was inhibited by the canons of kitsch, it created its own forms, and although these derived from kitsch, they began to differ from it more and more. Models of the higher culture, the classics, began to be used more and more to regulate the consciousness of a large audience which had not in any sense been a mass audience prior to this; the basic functions of mass culture were broadened--the normative function (the establishment of standards for consumption) and the escapist function (an escape from reality into an imaginary "habitat," a world of prestigious values; the appropriation of culture rather than its assimilation).

During this stage in the development of mass culture, it became fashionable to combine formerly incompatible elements in a single cultural context.²⁰ In terms of its physical content, this variety of mass culture turned out to be much more representative than kitsch: It not only makes certain high artistic forms fashionable (these are conveyed to the masses by means of modification and simplification as well as in their original form), but also sets the styles in science, antiques, sports and so forth; it refashions the entire lifestyle.

This stage in the development of mass culture made the term ambiguous, since, being subordinate in general to the ideology of the ruling class, this culture tended to take on certain high spiritual values. But the important thing is that these values do not have complete independence, since they, in the final analysis, have been "built into" a specific ideological context. In any case, there is no doubt that mass culture, during this phase in its development, began to embrace various aspects of life to a noticeable greater degree than during the time of the kitsch culture.

Let us take a closer look at the factors which permitted mass culture to rise to this new level. This was primarily its "scientification," which took three fairly diverse forms. The "scientification" of the process of spiritual manipulation--the most important social function of mass culture--consisted mainly in the incorporation of scientific methods (sociological and psychological) into the research on the effect of the mass media and,

correspondingly, into the development of more subtle methods for manipulating the mass consciousness (including the differentiated study of audiences). In the second place, mass culture became more dependent in general on technical means of communication and, consequently, on the science on which they were based. This type of culturological scientism was most lucidly expressed by M. McLuhan, who believes that the new technical media are modifying the human psyche and that the social process is becoming a function of changes in the technological structure of the media.

Finally, the term "scientification" refers to a definite change in the very content of mass culture under the influence of scientific progress, a growing interest in science on the part of the general public and the general rise in the cultural level and scientific awareness of the audience at which the mass media are aimed. Scientific themes and subjects are being included in the content of mass culture--from news about scientific discoveries to science fiction stories.

Mass culture is now trying to build a strong alliance with science: The latter is being popularized extensively, but usually on the lowest level, bordering on profanation (even though the individuals controlling the mass media are rich enough to buy the services of the most highly qualified scientific experts). In this way, mass culture has risen to the level of a "semi-science." This has not made it better, but it has made it more "infectious," since, although most educated people will recoil from kitsch, many will accept "semi-culture" to one degree or another. Under the banner of science, mass culture is spreading many pseudoscientific--and usually quite conservative--myths, which will ultimately be believed by the learned philistine" who was used by J. Ortega as an example of "mass," manipulated man.

From the "scientificized" forms of mass culture, as renowned West German journalist H. Anders points out, movie and television viewers are trained to take a familiar and friendly attitude toward science.²¹

In addition to this, recent ideas on mass culture have been characterized by attempts at its "ethization" (derivative of ethics). By the end of the 1960's and the beginning of the 1970's, the theoreticians of mass culture began to call for its "improvement" from the ethical standpoint and for a reduction in its negative influence in the area of education, the development of taste and values, etc. In more far-reaching plans, mass culture is assigned--ideally--the role of a guardian of moral values. M. Mead feels that this kind of "ethization" is possible through increased pressure by the intelligentsia on the administrative system. W. Lippmann has suggested the creation of a government radio and television network, the operations of which will not be judged by their popularity, but by their moral "virtue." Although A. Schlesinger correctly criticizes W. Lippmann for the naivete of his suggestion, he virtually fell prey to the same illusions by announcing that, if the Federal Government did not become more "active" in this area, the scientists who were concerned about the growing influence of mass culture would demand (!) the institution of a government policy which would aid in the elevation of cultural standards. The idea of the "ethization" of mass culture gained the attention of many prominent American

intellectuals; it demonstrated a combination of criticism with the amazingly persistent illusions about the capitalist order that are typical of the liberal intelligentsia.

But there is no doubt that the main idea behind the transformation of mass culture was the appeal for its "aesthetization" and for the "aesthetization" of reality itself by means of this "culture." Both processes, since they were interrelated, were developed widely at the end of the 1960's and during the 1970's. Their main distinctive feature consists in the fact that the actual, unvarnished truth is presented to the audience, interpreted and perceived by it as a consumer good, as "entertainment." This is also a kind of escapism, an escape from reality to "an image of life." It presupposes the individual's "direct involvement" in reality--again in the form of consumption; the subjects of mass culture are becoming social phenomena which are totally unrelated and incompatible, such as the struggle by women against "sexual discrimination," the rejection of civilization by the hippies and part of the "new left," the "sexual revolution," sometimes even the student rebellions, etc.

This new variety of mass culture, presenting reality to the individual as a game, as a spontaneous occurrence, or, to use the American term, as a happening, has encompassed some forms of leftist radical activity.²² This kind of "aesthetization" of real events turns them into a kind of artistic image, a kind of dramatized presentation.²³ The social movement of youth itself began to be regarded within the context of this process as the realization of "demands to establish a special youth culture."²⁴

The fact that the youth protest was given the appearance of culture in the United States amazed many culturologists. Social problems were given aesthetic features and many ethical concepts were replaced by aesthetic ones. Aesthetic criteria began to determine mass behavior more than they ever had in the past. The unconscious aesthetization of reality was accompanied by the conscious aesthetization of sociopolitical life.²⁵

Aesthetization as a unique contemporary method for denying the value of empirical and rational knowledge was reflected in university programs, which began to include new courses for the study of the "fine arts" (from a specific standpoint), and in several other events in which styles of life and styles of culture were given a general aesthetic form, however diverse it may have been.

The most diverse social groups of youth, despite all of their differences, found in their attempts for aesthetic forms of self-expression an amazing coincidence in the fact that their political radicalism and their cultural radicalism could be expressed in a single cultural-political form.²⁶

M. McLuhan refers to Norman Mailer's reports which eloquently describe the Republican and Democratic conventions. As we know, the main purpose of these conventions does not consist in the development of party platforms,

but in the creation of a "carnival" atmosphere--an amusement for the "customers." "The spaceship 'Earth' has become a global theater with a crew--the world's population--made up of actors."²⁷ Besides this, "aestheticized" mass culture is trying, with the aid of the mass media, to turn real events, including social movements, into a pretext for demonstrating the masses' own destructive potential to them on the television screen, on radio, etc. Political protests, alas, only reach the mass consciousness in their ostentatious, "mass-cultural," entertaining aspects.

While kitsch performs the limited function of providing the "lower classes" and the "semieducated majority" with emotional relaxation (the effect of this relaxation decreases as the cultural level of the audience rises), the form of mass culture following kitsch tries to construct and regulate the mass consciousness of the "intelligentsia-oriented" strata, and, finally, the highest phase in the development of mass culture--"aestheticized mass culture"--is aimed at the "rebellious" groups in society and at their integration into the state-monopolistic system (to a certain degree, this integration appears to have "worked").

The impression may be conveyed that these three varieties of mass culture cover all forms of spiritual culture and are transformed into it and that, conversely, bourgeois spiritual culture is completely becoming a mass culture. A response to this question would require a more detailed approach: Many examples indicate that the mass nature of a cultural form sometimes derives from its low artistic and intellectual level, but sometimes also from the inclusion of works of high spiritual culture in a specific cultural context. After all, any creator of a work of high spiritual culture is addressing his "own" audience. The expansion of this audience or its replacement by another audience causes this work to acquire "mass" form. This process can occur in different ways; as a rule, by one of the following two techniques: By various types of primitivization or by means of the destruction of the "genetic" roots of a work as a result of its separation from the system of cultural values in which it was created. Here is a simple example: Tom Mix and William S. Hart, actors in the first American Westerns, were real cowboys. The transference of their experience to the movie screen and its dissemination on a mass scale made the group cowboy culture a "mass" culture. This "massization" of a "non-mass" cultural form occurred as this form was separated from its group roots.

The nature of this separation is also manifested to some degree in the choice of aesthetic and ethical values (both in the form of artistic works and in the form of real situations) and in the thrusting of culture on certain groups--for example, the thrusting of the leftist bourgeois culture on the urban proletariat, of avant-garde attitudes on part of the creative intelligentsia and "high-brow" specialists, etc.

On the other hand, we must consider the objective existence of a spiritual culture of a high artistic and intellectual level which has not been separated from its social roots, that is, it is disseminated among those individuals

whose class interests it expresses or, at least, those individuals to whose class interests it is closely connected. This is what we regard as an adequate spiritual culture. The mass culture takes what it needs from this culture to make itself "acceptable" to larger and more socially significant social groups.

For example, the stormy 1960's showed that the "purveyors of culture" could no longer ignore the large portion of society that had been affected by the spirit of rebellion, since this would have signified their loss of influence over minds and their loss of control over the processes conditioning the present phase in the development of capitalism.

The creators of the mass culture gave this the least thought; they were simply trying to satisfy the cultural demands of that part of the population that had become corrupted by kitsch and of the more demanding and dynamic audience with a noticeable rise in its cultural level and social prestige. Naturally, however, the creators of mass culture were also guided by business interests. It was precisely because of this that one of mass culture's distinctive features of recent years has become the inclusion of a broad group of leftist radical political theories as one of its elements, theories which could not have achieved mass popularity in the recent past. On the one hand, this can be regarded as a definite concession to the ruling elite of democratic forces, while, on the other, it may be seen as a means of political equalization. By gradually absorbing increasingly substantial elements from American and worldwide spiritual culture and ideology, mass culture has begun to have a greater effect on the political consciousness of the masses.

In view of the fact that the scientific and technical revolution is objectively resulting in a rise in creative individuality, despite the restrictive framework of capitalist structures, kitsch is obviously no longer enough. The rise in the cultural level of the masses has led to a situation in which the ideologists of imperialism and the large bourgeois strata backing them up are finding it commercially and socially profitable to conduct a policy, within the channels of which the search for new means of regulating the mass consciousness within the sphere of mass culture is oriented toward the refined artistic and humanistic intelligentsia and toward cultural values which had not received wide application until recent years.

Therefore, from all of this we can conclude that the comparison of mass culture to genuine spiritual culture must now be approached simultaneously from two standpoints--from the standpoint of the artistic and intellectual level of the specific work and from the standpoint of the degree to which the basic spiritual values expressed in the work correspond to the basic spiritual values of the audience. A lack of correspondence in these values will give this work the characteristics of a mass cultural form which does not essentially differ in any way from inferior works which are specially for the mass market.

The dual nature of mass culture indicates that a onesided assessment of this phenomenon will inevitably lead to a onesided understanding of it and will deprive us of a reliable ideological compass for determining whether this actually is "a vile thing, a harmless sedative or a blessing," to use the extremely eloquent definition of the American sociologists.

FOOTNOTES

1. "Mezhdunarodnoye Soveshchaniye kommunisticheskikh i rabochikh partiy. Dokumenty i materialy" [The International Conference of Communist and Workers Parties. Documents and Materials], Moscow, 1969, p 78.
2. "Mass Culture Revisited," ed. by B. Rosenberg and D. White, New York, 1971, p 3.
3. H. Wilensky, "Mass Society and Mass Culture," THE AMERICAN SOCIOLOGICAL REVIEW, 1964, vol 29, No 2; "A Dictionary of the Social Sciences," Glencoe, 1964, vol 9, p 411.
4. "Mass Communication," ed. by W. Schramm, Urbana (Ill.), 1966, p 115.
5. Z. Bauman, "Two Notes on Mass Culture," POLISH SOCIOLOGICAL BULLETIN, Warsaw, 1966, No 2, p 58.
6. T. Eliot, "Notes Toward the Definition of Culture," London, 1948.
7. J. Aranguren, "Sociologie de l'information," Paris, 1968, p 124.
8. See "Mass Culture Revisited."
9. THE NEW REPUBLIC, 22 February 1975.
10. M. McLuhan, "Culture Is Our Business," New York, 1971.
11. Z. Brzezinski was the first to connect American prestige with mass culture (which had been traditionally regarded by most researchers as a symbol of spiritual waste): "If Rome gave the world the law, England gave it parliamentary procedures and France gave it culture and republican nationalism, the contemporary United States has given the world scientific and technical progress and mass culture" (Z. Brzezinski, "Between Two Ages. America's Role in the Technotronic Era," New York, 1970, p 27). In stressing the positive aspects of the fact that the human consciousness is now influenced more by mass culture than by anything else, bourgeois authors are trying to establish the use of this term without quotation marks, as a sign of its positive value.
12. THE REPUBLIC, 22 February 1975, pp 26-28.

13. U.S. NEWS AND WORLD REPORT, 7 April 1975.
14. For example, FORTUNE magazine accuses mass culture of scandalous tentatiousness, which is allegedly manifested in the fact that the purveyors of mass culture see businessmen as a "contemptible" group (FORTUNE, April 1975, pp 121-126).
15. J. Reston, NEW YORK TIMES correspondent, writes: "Sara Moore, who shot at the President in San Francisco, Lynette Fromme, who made an attempt on his life in Sacramento, Patty Hearst, who has still 'only' robbed banks, but who we have already seen with clenched fists on the covers of TIME and NEWSWEEK...these and many other recent events cause us to conclude that the most serious violations of law are based on the behavior of the 'lost and rebellious spirits' that are nurtured on the best forms of culture" (THE NEW YORK TIMES, 24 September 1975).
16. H. Winthrop, "The Variety of Meaning in the Concept of Decadence," PHILOSOPHY AND PHENOMENOLOGICAL RESEARCH, 1971, vol 31, No 4, pp 510-526.
17. The English TIMES newspaper described the situation in this way: "People understood that even success could bring them defeat" (THE TIMES, 19 October 1974).
18. R. Ardrey, "The Social Contract," New York, 1970, p 93.
19. In recent years, the critics of mass culture have taken a completely new tack. While at one time the object of their criticism was obviously low-grade works, they are now more concerned with forgeries and imitations of high culture (H. Gans, "Popular Culture and High Culture," New York, 1974).
20. D. McDonald called this "midcult" and demonstrated its peculiarities by analyzing one of its most typical forms as an example--LIFE magazine, which was recently one of the most popular magazines in the United States. It constantly combined news items which were incompatible in terms of their value: For example, a picture of a peasant, forced by starvation to chew on leaves, would be printed next to the figure of a champion racehorse; the figure of a nude model would be next to photographs of the victims of fascism; and so forth.

Naturally, the combination of the cultural forms of genuine culture and mass culture, which are fundamentally different in terms of their value, in a single context leads to the decline of spiritual values ("Mass Culture. The Popular Arts in America," ed. by B. Rosenberg and D. White, New York, 1965).

21. See "Problemy televideniya i radio" [Television and Radio], Moscow, 1971, pp 146-147.
22. One of the leaders of the "new left," J. Newfield, said that the latest variety of mass culture was profaning all leftist radical ideas: The most genuine protest turns into a theatrical performance under the condition of combined intervention by "art" and the mass media. "How can we be angry," he cried, "when national television pays 10,000 dollars for anger?" ("The New Left. A Collection of Essays," ed. by P. Long, Boston, 1969, p 426). T. Stritch, researcher of mass culture, stressed the fact that the culture had absorbed the spirit of rebellion. The rebels became official figures. But the main reason that the student body of the 1970's has become "calmer" may be that this generation saw "how scenes of universal love at Woodstock (a place where youth concerts are held--Author) were instantly replaced by scenes of violence in other parts of the nation and how mass culture cynically exploited both one and the other" (REVIEW OF POLITICS, October 1972; see also R. Burstain, "Revolution as a Theater," New York, 1973, p 215).

This stage in the development of mass culture gave rise to such events as R. Nixon's television appearance in 1968, when he played two pieces by Chopin on the piano for the purpose of self-advertisement, and, in general, the use of purely theatrical methods to propagandize the candidates of the bourgeois parties. T. Roszak wrote the following about this process: The rejection of "ordinary" politics in favor of theatrical methods is needed by politics, but only in a form which does not have the external appearance of politics and which therefore cannot counteract the effects of ordinary psychological and social defenses (T. Roszak, "The Making of a Counter Culture," New York, 1969). Similar ideas are expressed by R. Kolker (R. Kolker, "Angel and Reality. Godard and Gorin in America," SIGHT AND SOUND, 1973, vol 42, No 3, p 131). N. Brown defined the social function of this form of mass culture in the following way: "We must convince the next generation that the real struggle is not taking place in the political sphere and that it has the goal of putting and end to politics in general. From politics to poetry.... Poetry, art, imagination...this is real life and the real revolutionary force that is changing the world" (cited by T. Roszak, Op. cit., p 118).

23. In the area of theory, the idea of "aesthetization" as a phenomenon of the new mass culture was expressed by H. Marcuse, N. Brown, W. C. Reich, T. Roszak and M. McLuhan (see, for example, R. Burstain, "The Culture Watch," New York, 1975; M. McLuhan, "Culture Is Our Business").
24. S. Lipset, "Rebellion in the University. A History of Student Activism in America," London, 1972, p 23.

25. "All philosophy must be explained in aesthetic terms. This is the future of philosophy," writes J. McDivitt. "We are already ascribing aesthetic characteristics to our surroundings" ("American Philosophy and the Future," ed. by M. Novak, New York, 1968, p 51). J. Galbraith, in an analysis of the long-range prospects for economic development in the United States, concluded that, in the future, the main role would be played by the arts, the crafts and the trades with artistic merit. He based this idea on the fact that the significance of the aesthetic factor would increase dramatically during a certain stage in the development of capitalism. This tendency, the author states, must lead to the extensive restructuring of the socioeconomic system in favor of the creative arts (J. Galbraith, "Economics and the Public Purpose," Boston, 1973, pp 6, 68, 69). Finally, M. McLuhan and a large group of scientists, who called themselves "McLuhanites" (a group which includes many prominent sociologists, philosophers, philologists and economists--K. Boulding, D. Calkin, D. Elliott and others), state that the "planet has already acquired the status of a work of art" (JOURNAL OF COMMUNICATION, Winter 1974, p 49). Therefore, the specifically aesthetic attitude toward global events, as well as events on a smaller scale, is postulated as a fact.
26. UNIVERSITY QUARTERLY, London, 1974, vol 28, No 3, pp 310-317; vol 28, No 4, pp 455-469.
27. JOURNAL OF COMMUNICATION, Winter 1974, p 49.

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JOHN SWINTON, FIGHTER FOR THE WORKER'S CAUSE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 46-56

[Article by Sender Garlin, American journalist]

[Summary] John Swinton was born on 12 December 1829 in Scotland. When he was 14, his parents emigrated to Canada and settled in Montreal in search of a better life. Here he began to work as an apprentice typesetter for a local newspaper. He then worked as a typesetter until he became a journalist. After some time, his family moved to New York. Here, Swinton studied medicine and law in addition to mastering the craft of journalism.

Swinton worked for New York newspapers for almost half a century. In 1889, he lost his sight, but he did not stop working as a journalist, teacher and writer until his death on 15 December 1901 in New York. His work in journalism took him all over the southern and western United States. His job gave him an opportunity to learn more about the nation, and the more he learned about the slave trade, child labor and the sweatshops in the large cities, the more angry he became. The Civil War formally abolished slavery in America, but Swinton understood fully well that the "freed slaves" were far from free.

Swinton's political interests took him beyond the boundaries of the newspaper world. In 1883, he testified in U.S. Senate hearings on labor and education. He eloquently insisted upon the adoption of several measures which would, in his opinion, serve the cause of the common people. These proposals included the establishment of a progressive income tax, the founding of government agencies on health, education and welfare, the collection of data to study the questions of child labor and the possibility of an 8-hour working day and, finally, the socialization of railroads, telegraph lines, coal mines and oil wells.

Swinton always said that the greatest event in his life was his meeting with Karl Marx in August 1880 in England. His report of this conversation was printed on the first page of THE NEW YORK SUN in September 1880 and then in a book on his travels. He later carried on a correspondence with Marx and,

soon after Marx' death in 1883, he was one of the speakers at a mass meeting held in New York in memory of Marx.

In 1884, John Swinton began to publish his own newspaper, but after investing 40,000 dollars of his own into this publication, he was forced to give up this project in 1887. Swinton was inspired in his work by his good friends, Eugene Debs and Walt Whitman. Incidentally, Swinton was the first to bring Whitman's "Leaves of Grass" to the attention of the Russian reading public.

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NEW GESTURES OR NEW POLICY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 57-61 LD

[Article by V. I. Lukin]

[Text] Among the foreign policy pronouncements the new American President made during his election campaign, his statement on the Korean problem has attracted the attention of observers. J. Carter unequivocally promised to reduce considerably American Armed Forces presence in South Korea, withdrawing all U.S. ground units and retaining air force contingents. Furthermore, the intention of withdrawing American tactical nuclear arms from South Korea was also proclaimed.

These promises were recalled after J. Carter was elected President of the United States. In his new statements on this question, however, his election pledges appeared to have been considerably modified, not to mention the fact that no steps have come from the White House which might testify to the administration's intention to move from words to deeds. Both the President and Secretary of State Vance now talk only of the possible withdrawal of the ground troops alone, and they say that the withdrawal is conditional on the agreement of Tokyo and Seoul.

But even these "pared down" promises are treated by the big American newspapers as if they were serious changes in Washington's traditional foreign policy course. And indeed, if you look at this question from the short-term perspective, comparing the pronouncements of J. Carter with the actions of G. Ford, you could almost find justification for such a conclusion.

You are struck by the difference even on the diplomatic-protocol level. The former American president made his first visit to Japan and South Korea in November 1974. The first major foreign visit of the new administration's representative, Vice President W. Mondale (in January and February 1977), also included Japan, but excluded South Korea.

If the more weighty political and military-strategy factors are considered, then the pronouncements of the current President on the Korean problem differ substantially from the line of the Ford administration.

From the spring of 1975, Washington's diplomatic leaders, shaken by the outcome of the war in Vietnam which was so lamentable for them, undertook energetic efforts to strengthen the confidence of their remaining Asian allies in the firmness and reliability of U.S. military-political obligations. Along with Tokyo, one of the central objects of this political-propaganda activity was Seoul. Washington declared in categorical terms the firmness of its military obligations toward the South Korean regime, its intention to maintain the troop strength of its armed forces in South Korea at the existing level (about 40,000), and the continuation of energetic efforts to strengthen the South Korean Army, particularly in increasing its firepower and increasing the number and improving the quality of its air force and navy.

An important aspect of this course was the acknowledgement by the then secretary of defense, James Schlesinger, that tactical nuclear weapons were deployed in South Korea. At the same time it was declared that if a sharp conflict situation considered to be a "threat to the security" of the South Korean regime were to break out on the Korean Peninsula, these tactical nuclear weapons would "from the very start of military action" be used against the "attacking enemy." Thus, the "Vietnam syndrome"--the fear of a military defeat in Asia--was, as it were, turned inside out, and was transformed into rather blunt nuclear blackmail. Fear of a "new Vietnam" led the Ford administration to a very substantial retreat from some of the important postulates of the "Guam Doctrine." This was also apparent in the overall Asian policy (reliance on a military presence in Asia and in the Pacific basin, laying stress on the unbreakable military-political links with the U.S. Asian allies), in the approach to South Korea.

It is no secret to anyone that the troop strength of the South Korean Army considerably exceeds that of the armed forces of the DPRK and that the United States spends billions on its technical equipment.*

This position of the former American administration evoked a rather serious debate in American scientific and political circles. Conservative groupings found this policy correct, insofar as it "demonstrates American strength" in the difficult "postwar" period and reassures those representatives of the Japanese ruling circles who are inclined to regard the troubles in U.S.-South Korean relations as a kind of proving ground for the development of U.S.-Japanese relations in the long term.

However, objections to the actions and arguments of the conservative groups were resolutely expressed by such authoritative experts on Asian problems as Professor E. Reischauer, R. Clough and J. Cohen. They stressed that attempts to equate the situation in South Korea with that in South Vietnam during the war were artificial and without foundation.

This group of scholars considers that the Seoul regime, owing to a number of circumstances, is considerably more stable than was the South Vietnamese

* One convincing piece of proof of this can be found in the book "Current Issues in U.S. Defense Policy." For a translation of the chapter on American policy in South Vietnam, see SSHA: EKONOMIKA, POLITKA, IDEOLOGIYA, No 5, 1977, pp 90-95 [not translated by JPRS].

puppet regime in its time and that it controls the situation in South Korea. Some acts of Pak Chong-hui (for example, the conducting, under various pretexts, of periodic campaigns against the former Japanese colonizers) permit him, in the opinion of liberal U.S. circles, to exploit for his own interests certain nationalistic feelings of the South Koreans.

Serious differences between conservative and liberal researchers on their general evaluation of the Pak Chong-hui regime have existed for a long time. The rightwing and conservative circles are not much concerned about "general philosophical" problems, in other words, the repressive, openly terroristic character of the South Korean regime. True to their tradition of relying exclusively on the "power factor" in their foreign policy calculations, they call for continuation of political and military support of Pak simply because their calculations on the Asian regional "balance of forces" demand it. As for the numerous instances of the South Korean dictator's savage reprisals against those who are not pleased with his regime, they propose, in the interests of quieting American public opinion, that the regime be given a "mild rebuke" for them.

Liberal circles, on the contrary, hold the opinion that the sharp separation of domestic policy from foreign policy is to a considerable extent of an artificial nature. They believe that Pak's repression of the opposition, conducted, as is known, under the pretext of strengthening stability and order "in the face of the external threat," is in fact leading to the destabilization and gradual decay of the regime. And consequently, the threat of the emergence of a different kind of unforeseen situation, whose solution would require Washington to undertake very unpleasant measures, is not diminishing, but increasing. They are proposing--precisely in the interests of stabilizing the South Korean situation--either to bring the present regime at least into approximate conformity with bourgeois democratic norms and concepts, or as calmly as quietly as possible to replace it with something more "decent" answering the present requirements of American diplomacy. These circles frequently point to such South Korean opposition figures as, for example, Kim To-chun, who was abducted by the South Korean security service from Japan where he was in exile, and subsequently imprisoned. "The security of South Korea must not be confused with the Pak dictatorship group's grabbing for power at any price"--such, in brief, is the position of the liberal component of the U.S. ruling class.

Guided by the principles set forth above, the liberals assessed the Ford administration's actions regarding South Korea during the "post-Vietnam" period as patently archreactionary, and actively began to elaborate an alternative course, proceeding from the likelihood that an administration would come to power in 1977 in which their views and methods would be represented with greater vigor.

All the proposals coming from U.S. liberal political thinkers boiled down to the need to begin the gradual withdrawal of U.S. Armed Forces from South Korea--the last great U.S. continent in continental Asia. Regarding times,

scales, and the sequence of such a withdrawal, however, there were substantial differences in their plans.

Some of the more decisive researchers, such as Professor S. Harrison, spoke out for complete withdrawal of U.S. Armed Forces from the Korean Peninsula over a period of several years. Arguing his viewpoint in the journal FOREIGN AFFAIRS, he wrote: "In its most simple form, the call for the withdrawal of the troops is based on the fact that such a withdrawal would by no means have as its inevitable consequence domination by the north, and also that it not only would not lead to negative consequences for the United States, but, on the contrary, could even turn into a series of advantages for it. And the rejection of this solution could, on the contrary, expose the United States to increasing dangers in the exceedingly tense Korean situation." It should be noted, however, that even the proponents of the most radical measures such as Professor Harrison were not proposing the immediate withdrawal of U.S. troops from South Korea. Their thinking proceeds on the possibility of completing this process somewhere around the beginning of the eighties, or a little later.

Other proposals have been based on the principle of partial and conditional withdrawal of troops. Thus, E. Reischauer, one of the leading American specialists on East Asian problems, former U.S. ambassador to Japan, and now a Harvard professor, advanced the proposal "to reduce the number of American troops which we now have in Korea, while making it clear that we will be forced to proceed to complete withdrawal if the conditions now prevailing in Korea do not improve." Under the cloudy formula "conditions prevailing in Korea" is quite clearly understood those inhumane activities of the Pak dictatorship which arouse the indignation of the U.S. public.

The ideas have also been expressed of making partial and gradual reduction of direct U.S. military presence conditional on a corresponding increase in the strength of the South Korean Army, and also on the success achieved in talks between North and South Korea.

The most detailed and soundest "moderate-reformist" position was represented in the work published last year "Deterrence and Defense in Korea," written by R. Clough, a professor at the Brookings Institution (the well-known "think tank" of the U.S. Democratic Party) and former official in the State Department. According to R. Clough, it is precisely this kind of troop withdrawal --slow and conditional--which is politically more advantageous for the United States, primarily from the viewpoint of its relations with its allies, particularly with Japan. He therefore proposes refraining from reducing the troop strength of U.S. Armed Forces during the first 2 years following the announcement of this measure. Then, according to his plan, there should begin a fairly long period of partial withdrawal of U.S. ground contingents by stages in close coordination with Seoul and Tokyo. And only in the third, concluding phase, somewhere in the indefinite future, would the complete withdrawal of troops take place, on condition of substantial progress in talks between North and South Korea, the entry of both the DPRK and the South Korean regime into the United Nations and their recognition as independent sovereign states.

Behind these formulations is hidden the reality of the rejection of any kind of definite commitment regarding complete withdrawal of U.S. forces from South Korea.

After becoming acquainted with the specialists' proposals cited above, it becomes clear that the statements of the leading representatives of the present administration on policy on the Korean Peninsula contain neither an unexpected nor a radical change. They come out as the entirely natural and logically based result of the reassessment in U.S. political and research circles of the interests of the U.S. ruling circles in that region of the world. And to judge from the meager data now available, J. Carter's administration has chosen by no means the most radical of the variants advanced by the liberals.

The time which has elapsed since the first statements of the officials (and since that time there have been no practical moves toward reducing U.S. Armed Forces in South Korea) makes it possible to talk about the choice of the variant calling for a "2-year moratorium" during which there would be intensive efforts to coordinate their positions with leaders in Seoul and Tokyo. This is borne out by the results of the visit of the South Korean foreign minister to Washington in the beginning of March and the talks between President J. Carter and Japanese Prime Minister T. Fukuda at the end of March this year.

It seems obvious that the announced course corresponds to the direction of U.S. policy toward South Korea which was prepared in the intellectual councils of the Democratic Party. The continuity of the U.S. official course stands out just as obviously, if you compare it not with the short-term activity--conditioned by a number of specific causes--of the new President's immediate predecessor, but which Washington's approach as it developed during the entire first half of the seventies under the direct influence of the "Guam Doctrine."

It was precisely within the framework of this doctrine the strategic line on the withdrawal of U.S. forces from continental Asia was proclaimed, with the aim of consolidating positions on the islands and from there, relying on the might of U.S. naval and air forces, playing a leading role in the multilateral maneuvering in the employment of "balance of forces" mechanism. From the start, South Korea was not considered an exception to this rule at all. The reduction of the U.S. military contingent in South Korea by 20,000 men in 1971 bears eloquent testimony to this.

Subsequently, under the influence of the defeat in Vietnam, this process was stopped. In this context, it is not the present administration's declaration which may be considered a departure from the U.S. strategic line in South Korea, but, on the contrary, it is the actions of the preceding administration, manipulated by the South Korea dictatorship in an effort to capitalize on the "post-Vietnam syndrome."

Time, however, takes its normal course, and at the present stage U.S. ruling circles are linking their country's position in the world in general and in

Asia in particular not so much with yesterday's misfortunes as with today's problems. One of these problems is the question, voiced by the U.S. public with increasing loudness, of how to square the present moralistic inclination of U.S. foreign policy with the political and military backing of one of the most dictatorial regimes in the world. Furthermore, Washington's governmental machine has been tainted in the most direct and immediate way by its "connections" with the Pak police regime. In the first days after coming to power, the new administration was "marked" by a fresh scandal whose principal figures were the resident South Korean intelligence officials in the United States who had bought the "favorable disposition" of American lawmakers toward the Seoul rulers.* The unmasking of this "business" aroused a burst of indignation in the United States, and may accelerate the democrat's implementation of the indicated course.

To be sure, the implementation even of partial measures toward final withdrawal of U.S. troops from Korea would be a positive event, making it possible to improve the situation in Asia. It is quite obvious, however, that only full and unconditional withdrawal of all U.S. troops from South Korea can be the decisive factor leading to real liquidation of the tense situation in this part of the world and open the possibility for a construction and peaceful solution of the Korean problem and the Korean people themselves.

* See V. I. Bogachev, "New Scandal in Washington," SSSH: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 1, 1977, pp 89-91 [JPRS L/6887, 15 February 1977].

CSO: 1803

AT & T WILL BROOK NO COMPETITION

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 62-66

[Article by G. B. Kochetkov]

[Text] One of the bills currently being considered in Congress is the so-called "Bell Bill"¹ on the reorganization of federal controls over communications. The bill was drawn up by a group of congressmen--proteges of the telephone company--and envisages the almost complete exclusion of competition from the field of communications and the transfer of all rights in this sphere to AT & T and its allied companies. At the same time, plans are being made to considerably limit the rights of the Federal Communications Commission, which has always opposed the monopolization of this branch and has favored free competition.

The history of the bill has been closely connected with the fate of the Data Transmission Company of Virginia (Datran), which filed for bankruptcy last August. This had great repercussions among businessmen and specialists in communications systems.

Datran was founded in 1968 as an affiliate of the Wiley Corporation--a dynamic Texas concern which is operating in the new business sphere that has opened as a result of the extensive use of electronic computers. This affiliate was to establish a nationwide system of communications which would provide for the direct connection of computers with one another. The need for this kind of system became increasingly urgent at the end of the 1960's in the United States. The "computerization" of certain branches of business had reached astounding proportions by that time. In contrast to earlier stages in the use of electronic computers, most of the equipment had already been united by that time in so-called computer systems or networks.

The computer network is made up of several electronic computers which are connected by lines of communication in such a way that any kind of data or commands can be automatically transmitted by one machine to another without

1. "Bell" is the popular name for the group of companies headed by American Telephone and Telegraph (AT & T).

the aid of man. Until recently, the firms wishing to establish this kind of network reserved special wide-band communications channels from telegraph and telephone companies, primarily AT & T or Western Union Telegraph, which had a monopoly in this branch. There was one definite contradiction in this kind of unification of computers with means of communication: The ultra-modern computers were being connected with obsolete systems of communication. As a result, when the networks were being established, the lines of communication represented a bottleneck which prevented the complete use of the electronic computer potential.

The system of signal modulation used in the electronic computers is fundamentally different from that used in telegraph and telephone lines of communication. This is why the transmission of signals from one computer to another required a special set of instruments, with the aid of which the signal was first translated into a form convenient for transmission through the telephone network and then retranslated. This increased losses, gave rise to errors and reduced the speed of data transmission, that is, in the final analysis, it reduced the efficiency of computer operations. The more extensive use of computers made it necessary to establish communications systems which would transmit signals from one machine to another without this intermediary translation. It also required the distribution of communications systems by means of artificial earth satellites, which used the same signal modulation systems as the electronic computers. In this way, the establishment of the new systems would have permitted the more complete use of the advantages of computers and of space communications systems.

Datran was the pioneer in this field. In 1968, the company announced the beginning of a grand 400-million-dollar project in the establishment of a communications system with the extensive use of artificial earth satellites, which would make this new type of service widely available to consumers--companies and individual citizens--located almost anywhere in the United States. At first the prospects of the Datran system were assessed favorably. According to company experts, by 1980 the volume of data transmission through lines of communication in the United States was supposed to reach 5 billion dollars a year in terms of cost. Computer-to-computer systems were to account for around 1 billion dollars of this sum. After it had started up the first lines in 1965, Datran hoped to gain 20 percent of the market by the end of the current decade, that is, it hoped to increase its annual volume of services rendered to 200 million dollars. These were the plans of the company in 1963, when it was headed by a new president, J. Penisten, who had come to this job from the young and successful conglomerate of Texas Instruments by special invitation.

G. Peniston picked an excellent "high command" for Datran. These were energetic businessmen and promising engineers, who were familiar with the latest scientific and technical achievements and were supposed to guarantee that the company would thrive and prosper.

The united efforts of this "command" aided in solving many technical and administrative problems that arose during the time when the project was being carried out. A sequential incorporation plan was adopted, according to which successive levels of the system would be developed from the profits earned from existing levels. This solved one of the main problems--the problem of financing. The cost of the first section, which began to operate in 1975, was 124 million dollars. To cover these expenses, the parent company, Wiley, sold two of its branches--Communications Systems and Gulf Atlantic Life. Companies planning to use Datran services in the future participated in financing the project; these included such large companies as Bechtel, Burroughs, Motorola, Paradyne, Comten and Stromberg-Carlson. Considerable funds were invested by renowned Swiss industrialist W. Hefner.

The company took full advantage of the U.S. Government's policy of transferring technology from military branches to civilian ones: When the Datran system was being established, many technical designs which had been tested in the communications systems of the U.S. Department of Defense were used. In this way, Datran was able to take a huge leap forward in the technical sense, breaking away from AT & T and Western Union, which were deliberately delaying the introduction of scientific and technical achievements into the field of communications. This was primarily due to the high degree of monopolization in the communications market and to the fact that communications was one of the branches regulated by the Federal Government. According to existing legislation, the telephone companies could set higher rates for their services as the percentage accounted for by fixed capital in total company assets increased. For this reason, they were not interested in the rapid depreciation of capital investments or, consequently, in the technical renovation of equipment. These companies stubbornly opposed the Kennedy Administration's law which provided tax benefits to the firms using a 7-year depreciation schedule. In the case of the telephone and telegraph companies, the average pay-off period on equipment is three times as long and amounts to 20 years.

A classic situation took shape in the sphere of communications, which illustrated the forms and methods of the competitive struggle in the state-monopolistic capitalist society. On the one hand, this field was obviously being monopolized by ATT and Western Union, which were trying to retain complete control over the market by restricting the inflow of new capital into the branch in every way possible. The attainment of this goal was made easier by the fact that the establishment of communications systems requires huge initial capital investments. On the other hand, a bold competitor had arrived on the scene and had been the first to recognize the tendency of scientific and technical progress to increase direct computer-to-computer contacts. Datran was the first to announce the existence of a new branch of communications and to reserve the rights to this discovery by taking advantage of the fact that the telephone and telegraph monopolies had not yet had time to establish control over this branch. Following in Datran's footsteps, companies in related branches also fell upon the tasty morsel--General Electric, Microwave Communication, Southern Pacific and others. This again confirmed

the argument of Marxist political economy that the competition which gave rise to the anarchy in the capitalist economy has not disappeared along with monopolization, but had only changed its form. Under present conditions, it is reflected in the formation of related competing branches, which arise at the meeting-point of technological lines, in the transfer of capital from branch to branch and in the overt struggle between rival monopolistic groups.

But ATT and Western Union were quick to recognize the impending danger. It was threatening them from two sides; primarily from the side of companies like Datran. Many companies are now engaged in the organization of computer-to-computer communications. The largest of these are MCI Telecommunications and Southern Pacific. But all of these systems only supplemented the systems of the telephone companies and did not compete with them. For example, MCI Telecommunications, using the ATT system of telephone communications, collected messages, then transmitted them with the aid of microwave retransmitters to the necessary location, and then used the ATT system again to transmit them to the customer. Datran, to the contrary, completely excluded telephone lines from the chain of data transmission and thereby set a dangerous precedent in one of the most promising areas of communications. The introduction of this kind of system everywhere would make it possible, according to ATT and Western Union, for their customers to set up intrasectorial, closed networks, which would be free of federal regulation and, consequently, would have more competitive potential than traditional systems. As DATAMATION Magazine pointed out, the main thing did not consist in whether the establishment of such closed duplicating system was possible in principle, but in the fact that many influential stockholders and government officials would take the side of ATT and would regard this possibility as a real threat to their own interests in the telephone industry. In particular, the bill submitted to the U.S. Congress, which is supposed to protect the interests of ATT and Western Union from encroachment by novices in this field, has already gained the support of 180 congressmen and 20 senators.

But the heads of the telephone industry do not see their main threat in the activities of companies like Datran, but in the plans of those backing them up. Under present conditions, the decisive factors in the competitive struggle no longer consist in the possession of the best technological process, but in the amount of capital control, in the ability to rapidly mobilize assets to use them against a competitor and in access to the levers of government economic regulation. Datran did not have these properties and, from this standpoint, did not constitute any serious threat to ATT's interests.

Its number-one enemy in the sphere of computer-to-computer communications was the largest producer of electronic computer equipment--the IBM Corporation. It has the latest and best technology, enormous scientific research potential and a strong financial basis, as well as a great deal of influence in government; because of this, it is capable of quickly setting up a nationwide system similar to the Datran system whenever this might appear to be

economically and politically expedient. There have already been times in U.S. history when large computer firms have invaded the sphere of communications. In 1971, General Electric, unable to withstand the competition in the computer market, took this kind of step. It developed the largest computer network in the world--the MARK-III, which encompassed the entire territory of the United States as well as 17 foreign countries. But General Electric did not plan to completely replace telephone channels. Just as MCI, it only supplements the existing network, thereby enlarging the group of AT&T and Western Union customers.

If IBM follows the example of General Electric and Datran, AT&T will have to wage a fierce competitive struggle against a rival that is more highly developed in the scientific, technical and economic sense. This is why AT&T took the offensive as soon as this danger was recognized. Competitive struggle in the sphere of monopolistic capital does not merely consist in winning customers over to one's own side; it also involves a planned offensive in all areas--economic, political, judicial and organizational. AT&T's first step was to announce its plans to develop a communications system that would be similar to the Datran system. Despite the fact that AT&T had much more scientific and technical potential than its rival, the system, which was called Dataphone Digital Service, was not completed until a year after the first section of the Datran system had been started up. Its next step was to unite the three major forces in the new field under the aegis of the Computer Science Company at the beginning of 1975. The resulting Infonet system included the communications system set up by AT&T for the transmission of messages between computers, the system of space communications belonging to Western Union and a broad network of Computer Science concentrators, providing for the direct connection of computers of any type and terminals to this system.

This was followed by economic measures. One was a characteristic method used in situations of a high degree of monopolization--the lowering of prices on services to a level that would be unattainable for competitors. Datran's initial rates were lower than AT&T rates by an average of 20-25 percent. The resulting loss of its clients forced AT&T to take extreme measures and to lower the rates on its new system to 40 percent below Datran rates--an unprecedented event in the telephone industry during the entire postwar period!

After this attack, the Wiley Corporation, which had already experienced certain difficulties in financing its project (for 8 years, almost all of its profits from other operations had been used to cover the expenses of establishing the Datran system), could no longer cope with the situation. In August 1976, the corporation sued AT&T for 285 million dollars, accusing it of violation of antitrust legislation. But this did not save Datran. No longer able to fight against the outflow of capital or to find any way of correcting the situation, it was forced to curtail its operations. This caused it to lose its main clients. Finally, after losing around 200 of its largest customers, Datran ceased to exist. S. Wiley, chairman of the board

of directors of the Wiley Corporation, said the following about this: "Our attempts to continue Datran operations were made futile by a series of actions on the part of AT&T, which had decided to completely eliminate competition from the field of telecommunications."

The result was one that should have been expected--all of these measures permitted the telephone and telegraph companies to establish complete control over the "disturbing element." Most of the assets (70 percent) of the ruined company fell into the hands of AT&T, while MCI, Timnet and Southern Pacific divided up the remaining 30 percent. The capital was not taken out of the branch, it merely changed hands.

But AT&T did not limit itself to the mere physical annihilation of its rival. In order to consolidate its victory and its position in the field of communications, it is now trying to create the proper conditions to prevent the very possibility of future "Datrans." For this purpose, the levers of the machine of state-monopolistic regulation were pulled and the abovementioned bill on the reorganization of the system for the regulation of communications in the United States was submitted to Congress.

Even the first hearing on the "Bell Bill," which took place in the fall of 1976, however, began a fierce struggle in Congress between the proteges of various industrial groups. It became obvious that, even though AT&T had spent more than 600,000 dollars to push this bill into Congress, it would be unlikely to completely realize all of its goals. Judging by statements by American specialists and commentators, the new bill, submitted in substitution for the old bill (1934) on the regulation of communications in the United States, will most likely be passed, but its final wording will be quite different from the original variant, which corresponded to the interests of the telephone companies but was not in the interests of monopolies in other branches, especially the large producers of electronic computer equipment.

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RACIAL AND POLITICAL REPRESSION IN THE UNITED STATES

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pp 66-70

[Article by A. I. Gorev and S. A. Chervonnayev]

[Text] "As one of the American citizens thrown behind bars, not for committing a crime but only for participating in the struggle for human and civil rights in the United States, I am asking you, President Carter, to immediately free all political prisoners in our nation..."--this was a letter sent at the beginning of March to President Carter--29-year old black clergyman Benjamin Chavis from a prison in McCain, North Carolina.

Demands for the release of all political prisoners and for an end to the persecution of dissidents by the courts and the police are becoming louder in the United States. A campaign is being conducted throughout the nation to collect signatures for a petition, insisting that all those who have been subjected to racial or political repression and thrown into prison be freed. By the middle of March, this document had already been signed by more than half a million Americans.

The campaign is being led by the National Alliance Against Racial and Political Repression, which has already initiated several mass demonstrations in defense of human rights in the past. The alliance was founded in May 1973. It was an outcome of the extensive campaign waged in the United States to defend the courageous black communist Angela Davis; the alliance was an outgrowth of the Angela Davis defense committees.

The membership of the alliance includes white Americans and representatives of the organizations and groups of all colored ethnic minorities; it has branches in more than 30 states. Of the 398 persons who attended the second national conference of the alliance in 1974, 42 percent were black, 40 percent were white, 6 percent were Indian, 5 percent were Mexican-American (Chicano), 4 percent were Puerto Rican and the rest were Arabs and Asian-Americans. They represented 28 national and 95 state and local organizations in addition to local branches of the alliance.

The officers of the alliance were also elected on a broad multiracial basis, including white (cochairperson Carl Braden), black (cochairperson Angela Davis, executive secretary Charles Mitchell and vice-chairperson Benjamin Chavis), Indian (cochairperson Claude Bellicourt, executive director of the American Indian movement), Spanish-American (cochairperson Bert Corona, one of the leaders of the Chicano movement, and vice-chairpersons Alfredo Lopez, Claudia Morecombe and Maria Piedra), and Asian-American.

The alliance proclaimed its goal as the unification of democratic and progressive forces and representatives of all ethnic groups in a fight to defend democracy. The address adopted by the constituent conference in May 1973 said: "We are worried about the brutal measures being taken to suppress the growing movement of workers, the poor, women and those who oppose aggressive force. False charges of 'conspiracy' are being fabricated and false trials are being staged to liquidate these movements and deprive them of their leaders. And those who have already become the victims of arbitrary police and judicial actions and are now in prison cells are being subjected to even more oppression."

One of the most important aspects of the alliance's activities has become the struggle against the persecution of activists in the movements of the black Americans, the Chicanos, the Puerto Ricans, the Indians and other ethnic minorities. During the first year of its existence, the alliance won the release of the "Wilmington Three" (three leaders of the civil rights struggle in North Carolina who were convicted on false charges) and took an active part in the campaigns to defend the inmates of Attica--victims of police brutality, participants in the Indian occupation of Wounded Knee, the San Quentin Six, Carlos Feliciano and Martin Sostre, activists in the struggle for Puerto Rican independence, and other victims of police repression.

One of the main items on the agenda of the third annual conference of the alliance, which was held in Pittsburgh on 15-16 November 1975, was the fate of political prisoners in the United States. In her report, Cochairperson A. Davis said that hundreds of individuals who had been convicted for their political views and for their actions in defense of constitutional rights were suffering in American prisons on false charges. It took her half an hour to read a long list of victims of political repression--the leaders of democratic movements, who had been thrown behind bars on the basis of charges fabricated by the courts. Conference participants unanimously adopted a resolution that the UN General Assembly be demanded to investigate the treatment of political prisoners in the United States of America.

The alliance definitely opposes the persecution of those who are fighting for the rights of the nation's native population. Judicial and police organs are doing everything within their power to break up the American Indian movement, which is leading the struggle of the American native population. After the occupation of Wounded Knee by Indians at the beginning of 1974 as a sign of protest against the U.S. Government's violations of

the agreements that had once been concluded with local tribes, 110 participants in this action were brought to trial and 7 of the leaders were falsely charged with conspiracy and murder. More than 30 activists were stricken by police bullets just on the territory of a single Indian reservation--Pine Ridge. One of the heads of the organization--Russell Means--was wounded twice. Claude Bellicourt, its executive director, was shot at twice. "We," announced C. Bellicourt at the conference in Pittsburgh, "accuse white America of genocide against its native inhabitants and demand that the Bureau of Indian Affairs be disbanded--this terrorist organization of white officials that has legalized violence and arbitrary rule over the inhabitants of the reservations." This statement was enthusiastically supported by those who attended the conference.

The alliance is waging a persistent struggle against police brutality in the treatment of the inhabitants of black, Mexican and Puerto Rican neighborhoods and other ghettos. Although the report of the President's Commission on Civil Disorder (1968) suggested an end to police brutality, the racists in uniform continued to terrorize the inhabitants of the ghettos with perfect impunity. Speakers at the conference in Pittsburgh mentioned the names of victims of police racism, including Claude Reese and Clifford Glover--young black boys who had been killed by New York policemen--as well as many others.

The alliance is fighting for the release of Assata Shakur--member of the radical black organization, the Black Panther Party, social activist, poetess and historian, who has been persecuted by the police and the courts since 1972. Five travesties were staged in the courts for the purpose of legally punishing A. Shakur, but they failed disgracefully: The members of the jury refused to believe the fantastic charges brought against her. The next, sixth trial, according to representatives of the National Alliance Against Racial and Political Repression, took place "in an atmosphere of judicial abuse, violated constitutional rights and racist badgering on the part of the New Jersey courts." The all-white jury found her guilty of "murdering a policeman on patrol" and the judge immediately sentenced her to life imprisonment.

"I am ashamed that I was born in this country," said A. Shakur in her final words to the jury. "I am sorry that this shameful travesty of a trial took place, at which my fate was allowed to be decided by racists like you. You have convicted me just because I am black and because I openly oppose the continued discrimination against my people. Some day you will understand what a shameful role you have played in this trial."

The alliance is also working toward the relief of two black Americans--Rubin Carter and John Artis--who were sentenced to long prison terms on false charges.

The fight being led by the alliance against racial and political persecution in North Carolina has acquired particularly great proportions. The heads of the alliance decided to concentrate on this state, since, in the words of

A. Davis, it "is the nation's leader in racial and political repression." In their statements, the leaders of the alliance constantly assert that the state authorities are systematically violating human rights, particularly "the rights of workers to organize, to go on strike and to engage in collective bargaining."

The alliance has organized nationwide demonstrations in defense of the "Wilmington Ten"--a group of black civil rights activists, who, headed by Reverend Benjamin Chavis, tried to end racial discrimination in the North Carolina schools. They were falsely accused of arson and sentenced to a total of 282 years in prison. Their conviction was based on the testimony of Allen Hall, a criminal who admitted in 1976 that he had given false testimony at the trial under pressure by the police and the district attorney's office in exchange for a lighter sentence.

The alliance is also fighting for the release of all other political prisoners in North Carolina. Three participants in the black civil rights movement in Charlotte were sentenced to long prison terms--10-20 and 25 years. Their leader, Jim Grant, and his friends were also accused of arson by the racists; but their only "fault" lay in the fact that they had taken part in the antiwar movement and had fought for the organization of workers and for the equal rights of Americans, regardless of the color of their skin.

The leaders of the alliance always point out the indissoluble connection between the racist campaign being waged in North Carolina and the mass-scale violation of the right of workers to organize unions, to go on strike, etc.

On 4 July 1974, the alliance organized a mass march in Raleigh (North Carolina), which was joined by 10,000 demonstrators from 25 states--blacks, Chicanos and Puerto Ricans as well as white Americans. According to observers, demonstrations of this scale were not frequent even at the time of the great upsurge in the antiwar struggle. The march in Raleigh, which was organized to protest the persecution of fighters for civil rights, was supported by several black, Indian, labor, church and other organizations. The mass meeting in Raleigh was attended by such prominent figures as R. Abernathy, M. L. King's successor as president of the Southern Christian Leadership Conference, as well as C. Lightner, mayor of Raleigh.

On 31 May 1975, the alliance organized a mass demonstration in front of the Department of Justice building in Washington to demand the release of the "Wilmington Ten" and other victims of arbitrary judicial practices.

On Labor Day, 6 September 1976, the alliance organized a new mass demonstration in Raleigh as part of the fight for human rights and labor rights; the demonstration was joined by 5,000 people from Massachusetts, Louisiana, New York, Florida, California, Minnesota, and other regions of the nation.

One of the alliance's main areas of struggle consists in demonstrations in defense of the constitutional rights of Americans. The appeal published for the constituent meeting of the alliance stated: "The prohibition of strikes,

the monitoring of telephone conversations, the compilation of dossiers on citizens...and other measures represent part of the growing wave of political repression." The individuals who attended the conference in Pittsburgh demanded an end to the illegal total surveillance of so-called subversive elements, that is, dissidents, by the FBI, CIA and other agencies.

The practices of planting electronic listening devices in homes and offices, opening personal correspondence and sending secret agents to investigate democratic organizations from within, according to conference participants, threaten to turn the United States into a "police state." The alliance favors the elimination of the CIA, which represents a "mortal danger to the American people."

The alliance is fighting against the use of so-called "grand juries" by the Department of Justice in its struggle against protest movements. The system of federal "grand juries," which deliver judgments, regardless of whether there is any basis for the institution of criminal proceedings or not, was envisaged in the Bill of Rights as a guarantee to guard citizens against groundless accusations. According to C. Mitchell, however, they "are beginning to take over the responsibilities of the House Internal Security Committee, "using the FBI as a weapon against mass movements."

The grand juries are not only used for the collection of information about organizations and the leaders of democratic movements, but also for hiding people behind bars after the authorities have not been able to cook up any kind of charges against them. S. Pizzigatti, director of the Committee Against the Misuse of the Grand Jury, has said: "In their present form, the grand juries represent a violation of the Bill of Rights. Persons are forced to testify against themselves, and their refusal to do this can cause them to be charged with contempt of court and to be imprisoned for the entire session of this jury."

The alliance is fighting in defense of several activists of mass movements who have been subjected to persecution by grand juries.

The alliance is constantly exposing the antidemocratic nature of the Senate bill drawn up in 1973 on criminal law reform--Bill C-1, which envisages the restriction of peaceful protest demonstrations and judicial repression against participants in black, antiwar, student and other movements. Evidently, reactionary groups are trying to take advantage of the establishment of a unified criminal code for the purpose of enlarging the arsenal of repressive legislation. The alliance is playing an active part in the large-scale protest campaign by democratic forces in the United States against the passage of the C-1 bill. In the spring of 1976, several regional conferences were organized to discuss methods of struggle against the passage of repressive legislation and the use of the grand juries by reactionary groups. In addition to members of the alliance, they were attended by representatives of labor, religious and other public organizations in many states.

The struggle being waged by the alliance to defend the civil rights of Americans, to demand the release of political prisoners and to protest arbitrary action on the part of the courts and the police and the patent disregard for the constitutional rights of Americans has won it the respect of the democratic public. In pointing out the significance of the alliance's activities, John Conyers (the Democratic congressman from Michigan), prominent figure in the movement of the black Americans, stressed the fact that this organization is playing an "avant-garde role" in "the struggle for social and economic justice."

Participants in many mass demonstrations in the United States have emphasized the fact that the American people do not need demagogic phrases about "human rights" in other countries; they need practical measures to guarantee the rights and freedoms of the citizens of the United States.

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BOOK REVIEWS

REALITIES AND PROSPECTS OF U.S. ASIAN POLICY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77 pp 71-72

[Review by V. A. Oslavlyuk of the book "Asian Neutralism and U.S. Policy," by Sheldon W. Simon, American Enterprise Institute for Public Policy Research, Washington, 1975, 111 pages]

[Text] Numerous American research studies have been pointing out that in the countries of Asia which formerly followed an essentially pro-American policy there has now arisen a trend toward pursuing an independent foreign policy line -- specifically, on such key questions as collective security and cooperation in this part of the globe. In this connection, the book under review authored by Sheldon W. Simon, professor of political sciences at Arizona State University, is of definite interest. It examines the views prevailing in government circles of various Asian countries on the question of collective regional security and presents an assessment of these opinions -- from the standpoint of America's traditional policy in Asia, directed toward preserving and strengthening American influence there.

Analyzing the political situation in Asia following World War II, the author expresses the thought that "security in the world of modern politics is being assured primarily by the creation of military organizations encompassing two or more countries." (p 1) Military blocs are identified as the "basic means" for ensuring international security -- a point of view very widely held among American specialists and one which reflects the rationale of the postwar foreign policy of the U.S. In a brief historical review, the author -- in keeping with the tenets generally accepted in American literature -- explains the creation by the U.S. of the system of military blocs and bilateral "mutual assistance" treaties in Asia as being a step to counter a certain "military threat on the part of international communism." At the same time, Simon admits that the increase in military expenditures of countries belonging to the regional groupings such as SEATO, ANZUS, and ASPAC did not help normalize the situation in Asia, but, on the contrary, aggravated it. (p 2)

Among factors obstructing mutual cooperation of Asian countries, the author also includes such things as international ethnic and religious

differences, arguments over freedom of the seas in Southeast Asia, and "differences over the distribution of forces in the region." (p 31) It is to this latter point that Simon devotes special attention. He believes that American troops in Vietnam were a "retaining force" as regards Hanoi and that the withdrawal of these forces had "weakened the position of the non-communist countries of this sub-region."

The end of the war in Vietnam raised the question of neutralizing Southeast Asia. Here, Simon cites the points of view on this subject of authoritative political leaders of the Philippines, Malaysia, Singapore, and Indonesia, and he comes to the conclusion that the differences between these countries, joined in the Association of Southeast Asian Nations (ASEAN), are so great that they raise serious difficulties in the way of a practical realization of this idea of neutrality within the framework of their sub-region. However, he notes that the proposal advanced by the member-states of ASEAN regarding economic cooperation as being a possible basis for resolving the problems of neutralization of Southeast Asia, deserves attention. It should be added that in 1974, ASEAN had worked out a project for its foreign policy program which, among other things, spoke of an end to foreign intervention in the affairs of Southeast Asia.

As for the role of the USSR in Asia, the author challenges the myths, so widely believed in the West, regarding an alleged "Soviet threat" in the Indian ocean and an "increase in the Soviet military presence" in South and Southeast Asia. The author recalls that the passage of Soviet warships in these areas is strictly in line with existing standards of international law, is not directed against the interests of any of the bordering states -- or any other countries -- and that the Soviet Union does not have any military naval bases in the Indian Ocean.

The author discusses specifically the problem of divided Korea. Speaking of the presence of American troops in the south of that country, he cites the judgment of American specialists who continue to insist that "American obligations" toward South Korea are an important psychological factor strengthening Japan's confidence in its own security treaty with the United States." However, the author himself is convinced that North Korea presents no strategic threat to Japan. (p 87)

In considering the outlook for the strengthening of peace in Asia, the author justly emphasizes that a basic element in preserving security in this region is the policy of detente, and, in this connection, he recognizes the pointlessness of military blocs. As is known, the biggest one of these -- SEATO -- was dissolved in September 1975. This was due to the re-thinking by the Asian SEATO members of the tasks and objectives of their foreign policy. In the opinion of Prof. Simon, the policy of "containment" has been replaced in the thinking of the leading circles of the U.S. by an understanding of the fact that the "war" in Indochina was a local -- rather than a global -- conflict. (p 99) However, he adds further, these changes did not find sufficient expression in practice: by the middle of 1974 there were still some 172,000 American troops in Asia. (ibid.)

It would seem that the author is very contradictory in his evaluation of the role of American policy in Asia at the end of the 1960's and the beginning of the 1970's. He speaks of the essence of the "Nixon Doctrine" about establishing a "new" character of American participation in Asian affairs -- one that would take into account the fact that "the threat of international communism is no longer our principal point of view." (p 104) However, in the author's opinion, this does not indicate a need for any radical alteration of the foreign policy of the U.S. On the contrary, he believes that the American military presence must by all means be retained, "although on a somewhat reduced scale," as a "stabilizing factor."

The basic element in the strengthening of security in Asia, according to Simon, will be economic cooperation. As a basis for "stability " he supports economic competition and military restraint of four countries: the U.S., the Soviet Union, China, and Japan -- and the neutralization of the other countries involved. In the process, he believes, the U.S. must retain its armed forces in Asia, but "no longer as part of an outdated policy of containment, but rather as an element of a potential triangular balance of power between the USSR, the U.S. and China." (p 107)

From the point of view of seeking ways to provide a solid peace in Asia, Simon's proposals about participation of the world's largest countries in economic cooperation in this region deserve attention. But, at the same time, it should also be noted that the author is in no way pursuing any critical approach as regards the traditional American concept of the "balance of power."

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WHOM GULF OIL BUYS AND WHY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77 pp 73-75

[Review by V. M. German of the book "The Great Oil Spill. The Inside Report. Gulf Oil's Bribery and Political Chicanery," by John J. McCloy, Nathan W. Pearson and Beverley Matthews. New York, Chelsea House Publishers, 1976, XI + 295 pages + Appendices A-F]

[Text] The last few years have proved extremely fruitful in revealing all sorts of scandals related to machinations by the biggest American international monopolies -- Tenneco, Boeing, Mobil Oil, Exxon, Gulf Oil, Lockheed and many others, which had been spending millions of dollars on financing election campaigns in the U.S. as well as bribing highly placed officials both at home and abroad.

The book under review, dealing with "grandiose revelations of oil secrets," examines the "operations" of Gulf Oil. The authors reveal in detail the widespread and well organized mechanism of corruption, which almost any monopoly is free to use virtually without any hindrance. The subtitle of the book explains that it is nothing more than an "inside account" of the system of bribery and political corruption developed within the mechanism of this enormous corporation. But first a few words about the corporation itself.

"Gulf Oil is one of the greatest American oil monopolies, ranking seventh on the list of 500 leading American corporations." It is also one of the "seven sisters" -- members of the international petroleum cartel. The capital of the company in 1974 was 12 billion dollars; its net profits that year amounted to \$1 billion (p 2), i.e. they almost doubled since 1968 (partly because of the energy crisis). However, it is not just the profits of the company that doubled in size. The influence of this corporation in dozens of countries where it invests its capital also increased. Like its "sisters," it not only owns the oil wells, but also controls the refineries and chemical plants; it owns its own fleet, a huge network of gas stations, and provides fuel for home boilers. It is obvious that the "political climate" in "recipient" countries is of great importance to Gulf Oil. And, inasmuch as discontent is rising in these countries over the company's growing influence, which increased the chances of yet another

nationalization of foreign property, the headquarters of the corporation are constantly on the lookout for new forms and methods for adapting the company to new and complex conditions. These methods -- as the book under review shows -- have lately included such things as bribes and graft involving officials at all levels of the government.

This report on the activity of Gulf Oil, which was made possible thanks to the initiative of the government's Securities and Exchange Commission, reveals the full depth of the 14-year-old manipulations by Gulf Oil both in the U.S. and abroad. In some parts, the book reads like a thrilling cloak-and-dagger story, with only one difference: here, everything is based on documents -- that's how its publisher advertises this book. Indeed, it contains many elements of a crime story: counterfeit documents (p 152), currency withdrawals from safes in gambling houses (p 63), receipts being destroyed in washrooms (p 42), mysterious meetings and consultations of corporation officials and conferences of staff personnel, coded letters, etc. But the main picture is that of the deep pockets of American and non-American politicians into which vanish, without a trace, thousands and even millions of dollars from the company's cash registers. (p 53)

But how did these secrets of the powerful corporation, which it managed to conceal for 14 years, finally emerge in the open? As the book explains, the first step in this direction was taken by the Senate committee investigating the Watergate affair, when it came across illegal contributions by Gulf Oil to the Nixon reelection campaign. Many pages of the report fully justify the description of Gulf as one of the "fat cats" who continuously butter up politicians in return for their services.

Although the law on the financing of pre-election campaigns formally bans business magnates from using corporate funds for making direct contributions to the election campaigns of specific candidates, such executives easily manage to find loopholes enabling them to bypass this law. In the course of researching the financial activity of Gulf Oil, the following details emerged, for example: funds for political contributions were withdrawn by Gulf authorities from bank accounts of a subsidiary company involved in petroleum research and using the title of "Bahamas Exploration," located at Nassau in the Bahama Islands.

The data and documents cited in the book leave no doubt that Bahamas Exploration was specifically created as a mechanism with the aid of which the parent organization would be able to accumulate financial resources outside of the U.S., and that these funds were designed for political purposes. All told, the total amount spent for political purposes from the secret fund in the Bahama Islands was approximately \$9.6 million. (p 4) In 1972, the Bahamas firm was liquidated, but the flow of dollars continued through two new subsidiaries: Midcaribbean Investments Limited and Gulf Marine and Services Company, Ltd. The documents indicate that these subsidiaries have been specifically set up to carry out the same functions as the Bahamas Exploration. (p 55)

U.S. authorities, not wishing to make "too much of a fuss" over the matter, confined themselves merely to imposing a \$5,000 fine upon the corporation

for violating the law on the financing of election campaigns. But they were unable to prevent the scandal from breaking out in the open.

Thereupon the leadership of the corporation -- following the principle that "offense is the best defense" -- created its own "investigating commission." This commission consisted of two directors of the company and one "independent attorney," and its purpose was to confuse the whole issue and, at the same time, give the impression that the Gulf management seeks to bring out into the open any dubious or illegal operations that may have taken place in the past.

As could have been expected, the commission soon discovered that among the persons in these operations, "some of them can no longer be reached or have passed away." And yet certain facts emerge on the surface. One of the witnesses, Joseph E. Bounds -- formerly an executive vice-president of the corporation, now happily enjoying his retirement on a pension, described in detail how the entire system worked. On page 52 of the book there is a diagram showing the path followed by millions of dollars from the time when, on orders from "above," they were included in the Nassau bank account, and then -- again on orders from "above" -- were delivered back to the U.S. for distribution among recipients.

Testimony was also received from Bounds' successor, Claude C. Wild, Jr., a former legal counselor for Gulf, who handled the distribution of "charitable contributions" and graft to "politicians of national caliber." There were so many recipients that Wild could not manage the whole operation by himself and had to entrust it to specially hired assistants. Still, a total of some \$4,000,000 went through his hands. The amount given to each recipient depended upon the extent of the latter's influence. These sums ranged from \$5,000 to \$100,000 at a time. Among the political figures of "national caliber" charities and election-campaign contributions were received by all senators who at the time participated in investigating the Watergate affair -- except for the commission's chairman at the time, Senator Sam Ervin. (p 73) Among other politicians identified in the list as recipients were Hubert Humphrey, Hugh [sic] Mitchell, Hugh Scott, President Nixon, Henry Jackson, and Gerald Ford (when he was still a member of the House of Representatives). Some of the senators were provided with financial support on a regular basis -- in the spring and in the fall -- and not always just for political purposes but also to meet "personal needs." (p 73) Wild reveals moreover that, through him, the corporation also financed numerous banquets arranged by both the Republican and the Democratic parties. The former, being then in power, received more money -- some \$10,000 per banquet, while the latter -- as a long-range investment -- got only about \$5,000 for each affair. (p 74)

Certain amounts were also appropriated annually for "political activity in different states and localities." Some \$75,000 went to Pennsylvania, between \$50,000 and \$60,000 went to Texas, California got \$15,000, Louisiana -- \$50,000, Virginia -- \$10,000, etc. (p 75) It is impossible to list all of the politicians in various states and municipalities who received gifts from Gulf Oil -- there were simply too many of them. In reply to the question by the SEC as to what Gulf expected to receive in return for its "contributions," Wild answered: "Everything depended on the situation at any given moment.

We want -- or, rather, we wanted -- our corporation to be treated like all others which made similar efforts.... Otherwise we could have wound up, as they say, on the 'black list.'" (p 71)

The company also acted in the same spirit abroad. In South Korea, for example, its representatives financed the "elections" which helped keep the regime of dictator Pak Chong-hui in power. (p 94)

In the light of such extensive revelations, the commission was forced to dig deeper. It became clear that, ever since Gulf Oil developed a base in South Korea (in 1964), literally every step it took was accompanied by bribery of the highest placed officials in the country. It has proved impossible to determine the exact amount of money involved because these sums were paid out of a secret fund which was not entered in bookkeeping records. Corporation officials indicated, however, that about 10 percent of the company's total revenues derived from its operations in South Korea were set aside for these purposes.

In Italy, Gulf bribed not only political leaders but also mass information media, which, in turn, were expected to present the activity of the corporation in a favorable light. Some Italian newspapers and magazines -- including those belonging to the ruling Christian Democratic Party, received more than half a million dollars. (p 127) Corporation officials frankly told the commission that such contributions were designed to "support the existing political system in Italy and the struggle of political parties against the radical elements." (p 131) In 12 years they paid out in Italy by way of "political contributions," a total of \$422,604.

Political "contributions" and open bribery also marked the operations of the company in Bolivia, Turkey, Kuwait, Switzerland, Lebanon and some other countries.

Still, the revelations made by the authors on the basis of documents and other evidence of forgery, fictitious signatures, document destruction, as well as the very process of the investigation itself, all carefully balanced in order not to cast an unfavorable reflection upon the top Gulf executives. For example, the book devotes considerable space to the evidence of witnesses who declared that the then Board Chairman Bob R. Dorsey of Gulf Oil, while conferring with his aides, would invariably leave the conference room precisely at the moment when the next question scheduled for discussion dealt with a "contribution" or a "bribe," so that he should "stay clear of it all."

Another tendency in the report is the attempt to represent political "contributions" as "production expenditures," needed under conditions of an "entirely open competition."

The whole presentation is marked by a traditionally happy ending -- the two directors and the attorney assure everyone that, in the future, the Gulf corporation will act exclusively within the framework of the law.

CAPITALISM AND THE TECHNOLOGICAL REVOLUTION: INCENTIVES AND OBSTACLES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77 pp 75-77

[Review by I. N. Mosin of the book "Nauchno-Tekhnicheskaya Revolyutsiya i Sovremennyy Kapitalizm" (The Scientific-Technical Revolution and Modern Capitalism) by V. I. Gromeka, Moscow, Politizdat, 1976, 278 pages]

[Text] A prominent American business executive, A. Knoppers, head of the Merck Corporation, once compared the big business monopolies to a high-powered automobile, running in top gear -- with its hand brake on! That is also how capitalism, which, thanks to the objective laws of the development of production, was able to generate some super-powerful levers of scientific-technical progress, and yet created, at the same time, some insurmountable difficulties.

This picturesque comparison, cited by the author of the book under review (p 67), could well be used as a sort of epigraph for the entire volume. It examines the contradictions of the current scientific-technical revolution at the level of the monopolies and on the scale of capitalist states as a whole, as well as from the standpoint of the entire system of world economic relationships, in which some of the third world countries are also involved.

Although the book examines the socioeconomic aspects of the development of the scientific-technical revolution in all of the developed capitalist countries, it concentrates, however, primarily on the United States. This is understandable because it is precisely in the U.S. that utilization of the achievements of modern science and technology has reached the greatest intensity and their influence upon the life of society has attained the greatest development.

No less important was it for the book to trace, as it does, the reverse relationship, on the basis of the American example. It thus points out the nature of the influence of production factors upon the further development of the scientific-technical revolution and examines the contradictory characteristics of technical progress caused by the innate, inherent flaws of capitalist relationships in the West's most powerful nation.

The author concentrates his attention primarily on a study of the above contradictions, which are specifically related to the spasmodic nature of technical progress under conditions of state-monopoly capitalism.

He identifies four categories of such contradictions. The first one is the result of objective laws governing the development of productive forces. Thus, the unprecedented increase in the flow of information and the growth in the complexity of the operations of accounting, control, and management, raise the need for adopting a fundamentally novel, electronic computer technology. Meanwhile, the shortage of resources forces a switch to the production of plastics and synthetic materials, and to nuclear energy, while the growth of automation results in the development of new machinery with programed control, etc. These are the principal trends of the scientific-technical revolution today. They are determined by the innate logic of the development of productive forces which, as the author shows, to a certain extent is not dependent upon the nature of production relationships and is the same for both capitalist and socialist countries -- even though it generates different social consequences in each case.

In considering the question of automation, we can say that for a capitalist, it is economically rational only in case it enables him to reduce the cost of production and to increase the level of surplus value. Such a strictly utilitarian approach significantly reduces the framework for using the achievements of science and technology, and serves as a serious brake upon progress. This negative influence of the capitalist form of production relationships upon the development of productive forces constitutes the second category of contradictions examined by the author.

Closely related to it is the third category. Capitalist production relationships, under conditions of the scientific-technical revolution, have a specific influence in the socioeconomic sphere. They lead to a further monopolization of production, aggravate the competitive struggle, increase unemployment, and worsen the condition of the working masses. The negative effect is thus plainly visible here, too.

Finally, the scientific-technical revolution is carried out unequally among the industrially developed and developing countries. This generates conflicts in both cases. Thus, antagonism is increasing in the relations between the U.S., Western Europe and Japan. The "technological gap" and the problems related to it are constantly becoming more acute.

The author examines the contradictory influence of World War II upon technical progress. The war had served both to stimulate it as well as to hold it back, in some ways. As for the process of militarization of the economy in the postwar years, its influence upon the progress of science and technology in the form of a "spin-off" cannot be compared with the disastrous consequences it has had upon the development of social productive forces and the social environment as a whole. Suffice it to mention the depletion of national resources as a result of the arms race and the decline in the general volume of consumption (amounting, in the U.S., to about 15 percent, according to the calculations of the American economist, Kenneth E. Boulding),

as well as a reduction in the rate of growth of the economy (by 2 percent annually, according to the same data, p 97).

The author analyzes in depth the role of science under conditions of the scientific-technical revolution, since it has now become a part of the productive forces and reflects the growth rhythm of the latter. Some interesting material has also been gathered and analyzed on the subject of crises in energy and ecology, generated -- as the author convincingly shows -- by private ownership interests and the resulting trend toward monopolies. To be sure, not all the questions raised in the book are examined with as much detail as the subjects mentioned above, but it would be difficult to expect this in a study as broad in scope as this one.

This book is a definitive result of a Marxist analysis of the socioeconomic aspects of the scientific-technical revolution. In recent years, these aspects have already generated a fairly extensive literature. The book under review differs from the others in that it systematizes and generalizes the results of the discussions and debates we have been hearing, and, at the same time, contains a number of original premises, which lend it special interest.

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CSO: 1803

THE MONOPOLIES AND THE PRESS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77 pp 77-79

[Review by N. P. Moykin and M. Yu. Dykhovichnaya of two books: "American Newspapers in the 1970's" by E. Hynds, New York, Hastings House Publishers, 1975, 349 pages, and "The Newspaper Game. The Political Sociology of the Press. An Inquiry Into Behind-the-Scenes Organization, Financing and Brainwashing Techniques of the News Media," by P. Hoch, London, Golder and Boyars, 1974, 217 pages]

[Text] The very title of these two books reflects a certain emotional and methodological orientation of each of these two bourgeois researchers. The work of Ernest Hynds, a professor of journalism, represents a relatively impartial and calm, factual approach to the American newspaper business in the 1970's. On the other hand, the book by the Canadian sociologist and publicist, Paul Hoch, gives an emotionally saturated coverage of the problems involved and a critical study of the newspaper business in the U.S. and England, as well as -- to some extent -- in Canada and France, even though it makes no claim to complete coverage of the subject matter.

Much of the work by Hynds is devoted to the history of American newspapers, their role and working methods, organization of the newspaper business, (starting with the sources and form of their news supply and ending with the latest technical press-room devices), relations between newspaper owners and the government, and the characteristics of the leading American newspapers.

Hynds reports that, as of the beginning of the 1970's, the American newspaper business was the "tenth branch of the national economy in terms of the volume of production, and fifth in terms of employment." (p 124) The total number of persons employed in the newspaper business is 372,000. At the beginning of the 1970's, there were 1748 daily newspapers in the U.S. (p 132), and some 9,000 weekly papers. (p 291)

More than half of the nationally distributed daily newspapers, which represent almost two-thirds of the total circulation of daily publications, belongs to the ten biggest capitalist groups. The annual income of these ten publications amounts to \$2.2 billion, meaning that they account for about one-quarter of the total profits of the entire newspaper industry. (p 129) Monopolization in this field continues apace. Although, on the average, each group

controls 5.7 newspapers, the 19 monopoly groups control more than 10 newspapers each. Some companies control more than 40 publications. The leader in terms of circulation is the Tribune Company, which publishes the CHICAGO TRIBUNE, CHICAGO TODAY and the NEW YORK DAILY NEWS. Next in order come the Newhouse Newspapers, the Knight Newspapers, the Scripps-Howard Newspapers, and the Hearst Newspapers. (p 133)

The book under review is written from the position of defense of American bourgeois freedoms. It is replete with demagogic judgments about freedom and independence of the press, its classless nature, its search for truth, the principles of democracy upon which it bases its work, etc.

The book by Hynds presents also a rather interesting description of the American "underground" press -- mouthpiece of America's "ultraliberal and radical" elements, who are deprived of any means of expressing their non-acceptance of the existing sociopolitical system in officially recognized media of mass information. By the beginning of the 1970's, there were more than 450 such "underground" newspapers in the U.S. with a total circulation of 5 million copies and a readership of 20 million. The leading "underground" paper in terms of circulation is the FREE PRESS, which consists of 48 pages and by the beginning of the 1970's had a circulation of 95,000.

The book by Hynds can be seen as a legitimate reference work. The author does not even try to analyze the data cited by him, or to consider the role and place of the bourgeois press in American society.

Unlike Hynds' book, the one by Paul Hoch appears to be essentially a sharp pamphlet by a publicist.

The basic thought permeating this interesting work boils down to the claim that the bourgeois press and the other mass information media have been and continue to be the servant or, as he puts it, the "secretary" of the ruling classes and of their powerful politicoeconomic infrastructure -- the big financial monopolies and the military-industrial complex. Information published in such a press, writes Hoch, is far from being an objective or truthful reflection of the interests of broad masses of the population. "Today's popular newspaper," he writes, "is an offspring of monopoly capitalism -- not a public trust or a watchman for the people, keeping an eye on the government." (p 17) According to the admission of one American journalist, whose words are quoted in this book, "there is no independent press in the United States." "I am being paid," he admitted, "to keep honest opinions from being printed in the paper for which I work...The job of a New York journalist is to distort the truth, tell deliberate lies, twist the facts... and betray our nation and people every day for a piece of bread. We are the tools and vassals of the rich. Our time and our gifts, our life and our opportunities all belong to others." (p 98)

Under conditions of present-day society, writes Hoch, "mass information media are, like other production links in the capitalist system, merely a business intended to make a profit." By defending in every possible way the interests of the ruling classes and the large corporations, the media -- directly or indirectly -- ensure maximum profits not only for the big corporations but, in the end, also for themselves. "The general tendency,

typical of the newspapers in the big cities, boils down to a simple desire for survival. Yet only those papers can survive which are connected with other corporations oriented toward profit-making." (p 150)

The author then analyzes the common structure of the ruling industrial-financial monopolies and the newspaper-owning clans. In such countries as England or America, he writes, the press is most often organized into gigantic corporate groupings like the Hearst papers, all of them inter-related and connected with other big-business enterprises through mutually dependent directorships, common investments, family ties and intertwining interests. (pp 149, 152) This makes plainly obvious the common trends which are typical both of the big monopolies and of newspaper corporations.

Hoch reveals and analyzes in detail some common traits which characterize the bourgeois mass information media. The first one is their connection with the military-industrial complex. The big financial rewards awaiting the bosses of newspapers, radio and television stations are dependent upon how "ably and effectively" the mass media can present to the public some specific economic deal between the government and the Pentagon.

A second characteristic stressed by the author is the anti-labor orientation of the bourgeois press. The fact that the Western press devotes much more attention to financial and commercial matters and to problems of ensuring the supply and consumption of material goods than it does to labor problems is reflected in such figures as these: in 1967, the staff writers of American daily newspapers included 434 editors dealing with commercial and financial questions and only 12 editors assigned to handle labor problems and the working class. (p 185) In selecting the material dealing with labor problems and the form of its presentation, the owners of newspapers, radio and television stations are guided by the attitude of their partners -- advertisers from among the big bourgeoisie.

The third most important characteristic of the corporate Western press, writes Hoch, is its anti-communist and anti-Soviet orientation. Immediately after the October Revolution, the Western press -- especially that in the U.S. -- launched a propaganda campaign against the world's first socialist state. Hoch recalls that THE NEW YORK TIMES, during the first two years following the revolution, ran 91 stories about the collapse of the Soviet government, six reports on the fall of Petrograd, three about the city having been burned to the ground, and six about a revolt in the city against the bolsheviks. In all this, the figures regarding the number of "Bolshevik victims" and captured weaponry published in that paper exceeded by many times the total number of weapons and the scope of material power available at the time to both the Red and the White armies combined.

The author emphasizes that despite the exposure of the notorious myth about the "red danger" and the recent changes for the better in the international climate, as well as the efforts of the two superpowers to move from confrontation to negotiation, hundreds of bourgeois newspapers, radio and television stations continue, in one way or another, to conduct their anti-Soviet propaganda.

AMERICAN WINES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77 pp 79-80

[Review by V. V. Pokhlebkin of the book "Vinogradstvo in Vinodeliye SSHA" (Grape-Growing and Wine Production in the U.S.) by L. F. Shayturo and N. A. Mekhuzla, Moscow, Pishchevaya Promyshlennost', 1976, 176 pages]

[Summary] This book is the product of a trip to the U.S. made under the current exchange program by a Soviet delegation of winery experts, to study American grape-growing and the wine industry. The reviewer recommends the book also to general readers.

The book explains that U.S. wine producers still abide by the traditional preference for European regional terms to describe their product, as a gesture to the users' psychological preference, even though the U.S. wine is strictly an American product, grown largely in California but also in such states as the Carolinas, Georgia, Florida, Tennessee, Pennsylvania and even Ohio and New York -- the latter the home of much American champagne.

Some local brands of wine don't taste so good and this is corrected either by the admixture of some European grapes to the material from which they are made, or by additives such as sugar, in some cases, to the final product.

The book praises U.S. advertising techniques in wine marketing, for giving extensive information on the labels, such as alcohol content, age, etc.

In recent years, wine has come to account for 80 percent of the total of alcoholic drinks consumed in the country. But in the past 25 years, the wine itself has changed greatly, from low-quality to high-grade dry varieties. Today, 12 percent of all American wine is high-grade, which is regarded as a very good percentage for a country as big as the U.S. "with such a weakly developed consumer taste, relatively young wine industry and traditional preference for harder drinks such as gin, whisky, rum, and cocktails." Specialists hope that this percentage will rise to 20.

U.S. experience proves, in the authors' opinion, that maximum economic effect and high product quality can best be combined in narrowly specialized agrarian combines rather than in giant conglomerates, where the production efficiency may be higher, but the quality of the product -- for that very reason -- remains mediocre.

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CURRENT ISSUES IN U.S. DEFENSE POLICY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 81-94

[Continuation of serialized translation of excerpts of the book "Current Issues in U.S. Defense Policy," published by the Center for Defense Information, edited by David T. Johnson and Barry R. Schneider, New York, Praeger, 1976]

[Not translated by JPRS]

CSO: 1803

TRANSPORTATION OF OIL AND GAS FROM THE AMERICAN ARCTIC

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 95-104

[Article by A. I. Fadeyev]

[Summary] The rich sources of gas and oil in the Arctic Region of the United States and Canada are thousands of kilometers away from any industrial center or main transportation artery. The severe natural conditions of this region increase the difficulties involved in transporting the oil and gas to the south, to the industrial regions of both nations. Transportation expenditures account for 65 percent of the overhead costs in Arctic gas and oil production and the search for better transportation methods therefore constitutes an important part of this entire field of operations. Extensive research is now being conducted in the United States and Canada to determine the best type of transportation or combination of several types for the mass-scale shipment of Arctic oil and gas.

Most of the gas and oil deposits are located along the coastline and, for this reason, the first and natural decision was made in favor of inexpensive maritime transport. But this is a form of transport that is affected most by the severe natural conditions of the north. Navigation in the coastal waters here is restricted by heavy ice. The difficulties in northern shipping are complicated by the absence of convenient harbors. Environmental protection measures also impose restrictions on shipping in this area. Oil spills constitute a particularly great danger in the Arctic, since it would take decades to restore polluted waters in this region of low temperatures.

In terms of economic indicators and environmental effects, transportation by pipeline is now the most suitable means for transporting oil and gas. Construction work was begun on pipelines in Alaska and the Canadian north as early as World War II. These pipelines do not harm the flora and fauna of the Arctic and have a long service life. The only drawbacks of this method consists in the difficulty of transporting steel pipe of the required diameter to the region and the great expense of the construction work.

Since the end of the 1960's, the possibility of constructing railroads from the Arctic regions to the industrial centers of Canada and the United States has been studied. The studies have shown that this method could be less costly than the pipeline method. But this kind of transport might have serious ecological repercussions. Air transport also has this shortcoming; if a plane carrying 500-700 tons of crude oil were to crash, the resulting ecological catastrophe would be of immeasurable proportions.

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NON-AGRICULTURAL FIRMS IN AGRIBUSINESS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 77
pp 105-114

[Article by V. A. Morozov]

[Summary] During the last 20-30 years, agriculture and the entire related system for the production of food products, clothing and footwear from natural raw materials are undergoing complex organizational and structural changes in all of the economically developed nations. These changes are being manifested primarily in the greater role being played by non-agricultural branches of the economy in this system, the higher degree of concentration and specialization in agricultural production and the gradual process by which agriculture is merging with industry.

All of these changes are arising from the interrelated development of social division of labor and increased socialization of production due to the particularly rapid development of productive forces. In the capitalist countries, these changes are usually given the name of "agribusiness." This term refers to all of the operations involved in the production of goods and the rendering of services for agriculture, production operations in animal husbandry units and the storage, processing and sale of agricultural raw materials and the consumer goods manufactured from them.

In the capitalist society, agroindustrial integration is being delayed by two factors: Private ownership of the land and the presence of small enterprises on one side of the integration process and large corporations on the other. The large industrial monopolies usually refrain from making direct investments in agriculture; they prefer to gain control over the farmers by means of contracts. At the same time, they constantly expand their operations in the economic branches related to agriculture, where profits are more stable and are not as precarious as in agriculture, which involves a much greater risk because of its dependence on the uncontrolled forces of nature.

The major role in the industrialization of American agriculture is being played by agricultural machine building. It is precisely on this basis that agriculture is becoming more highly concentrated and specialized and

all of the material prerequisites are being established for the equalization of production conditions in agriculture and industry. In the mineral fertilizer branch, integration is being carried out through two channels. On the one hand, powerful industrial companies engaged in the extraction of the basic chemicals are gradually merging with wholesale fertilizer firms as well as retail sales enterprises. Their contacts with the farmers themselves are becoming more and more indirect. Firms in the combination fodder industry have always been and still remain the initiators of agroindustrial associations. An important role is also played by companies specializing in the industrial production of high-quality seeds, livestock and poultry. They are not only actively contributing toward the rapid introduction of the latest biological discoveries into agricultural practices, but also taking on certain functions in the field of plant and livestock reproduction.

This penetration of the agricultural sphere by non-agricultural firms has also been conditioned by several specific economic factors of the postwar period in the United States. These include the growing process of urbanization, the increased number of consumers and the changes that have occurred in the public demand for food products--for example, the rapidly growing demand for semiprepared meals, the growing preference for dining at restaurants rather than at home, etc. All of these changes have required greater interaction by production units which had been independent of one another in the past.

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U.S. BUSINESS ASSOCIATIONS

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pp 115-124

[Article by N. A. Sakharov]

[Summary] Business associations, which embrace approximately 80 percent of the firms in various branches of the U.S. economy, are playing an increasingly important role in the American capitalist society. These capitalist associations have the goal of maintaining and consolidating the socioeconomic supremacy of big business. They also serve as one of the major links in the system of interrelations between the business community and the government. Various groups of the ruling class make active use of these associations in their attempts to stabilize capitalist production and to gain the advantage in the competitive struggle. Finally, the associations also play an important role in the bourgeoisie's struggle against the working class and the anti-monopoly movement as a whole.

The most influential of the American business associations are the national, head organizations, which represent the general class interests of the bourgeoisie. Another important type of business association is represented by branch associations in industry, transportation, trade, finances and services. These can be divided into "vertical" associations, which unite the companies of a single branch, operating in different production spheres, and the "horizontal" associations, which unite companies engaged in only one of the spheres of production within the framework of a specific branch. There are also associations which unite companies in related branches and intersectorial associations.

Business associations can also be formed on a territorial basis. These include nationwide associations, regional organizations and state and city associations. Because of this wide range of structural characteristics, many businessmen belong to several associations, one of which might represent the interests of business within the framework of a specific branch, another--within a specific region, and a third--throughout the nation and beyond its borders.

Strictly speaking, the activities of these associations, which are formed by certain groups of businessmen precisely for the purpose of undermining the competitive potential of their rivals, should be qualified as a violation of antitrust legislation. But the courts rarely take action against these organizations. Moreover, the executive and legislative branches of the American Government usually exempt these organizations unofficially from the need to abide by these laws.

There is a kind of "division of labor" among these business organizations. Some of them defend the interests of the ruling class primarily in the social sphere, while others concentrate on exerting pressure on government agencies. These associations are now trying to overcome the crises that have stricken the bourgeois system through closer interaction between the private sector and the government. For a certain amount of time and to a certain degree, this policy will be effective in counteracting the anti-monopoly movement and allowing the bourgeoisie to attain their objectives. But the objective course of capitalist development is intensifying the antagonistic conflicts in this society and will inevitably lead to a fierce struggle by the workers and the general public against the dominant position of the monopolies.

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SASKATCHEWAN

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pp 125-127

[Summary] Saskatchewan is one of the Prairie Provinces of Canada. It is bounded by Alberta, Manitoba, the Northwest Territories and the American states of North Dakota and Montana. It has an area of 651,900 square kilometers and a population of around 930,000. Its population is characterized by the slowest growth rate in Canada and by an extremely diverse ethnic composition. The province's capital and largest city is Regina. The District of Saskatchewan was formed in 1882 as part of the Northwest Territories and became a separate province in 1905.

The climate of Saskatchewan is continental. It has long cold winters and relatively short summers that are hot and sunny. Severe droughts are common. Average annual precipitation is 300-400 millimeters.

The dominant sector of the economy is agriculture. Wheat is the main crop and, for this reason, the province has long been called the "breadbasket" of Canada. Farming land occupies almost 50 percent of the territory of Saskatchewan. Its principal minerals are petroleum, uranium and copper. It has the largest reserves of potassium salts in the nation.

The province has been headed by a democratic socialist government almost continuously since 1944. Socialists now hold 38 seats in the legislative assembly, while liberals have 15 and conservatives have only 7. The premier of the province is Allan Blakeney. Saskatchewan has 6 seats in the Federal Senate and 13 in the House of Commons.

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